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Planning. Design. Economics.

**Gateshead Employment Land Review  
Update and Office Capacity Study**

**Final Report**

Gateshead Council

13 July 2012

21196

Nathaniel Lichfield & Partners

In association with Storeys Edward  
Symmons

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## Glossary

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**Employment Land:** Land allocated for business, general industrial and storage/distribution uses as defined by Classes B1, B2 & B8 of the Town and Country Planning (Use Classes) Order 1987 or with an extant planning consent for such uses. Employment uses exclude retail, leisure, residential care facilities, mineral extraction and waste disposal.

**B1a:** Offices other than in a use within Class A2 (Use Class Order 2005 Definition);

**B1b:** Research and Development – Laboratories, Studios (UCO 2005 Definition);

**B1c:** Light Industry (UCO 2005 Definition);

**B2:** General Industrial (UCO 2005 Definition);

**B8:** Storage or Distribution (UCO 2005 Definition).

**FTE:** Full Time Equivalent.

**Committed Employment Land:** All available land allocated for commercial/industrial employment uses or with extant planning permission for employment use, excluding (a) expansion land, (b) land with empty industrial buildings already in-situ, unless those buildings are time expired, and (c) special sites allocated for specific employment uses.

**Net Employment Land Requirement:** the difference between the likely amount of new employment land required, against the amount of land likely to be lost to non-employment uses over a stated period.

**Gross Employment Land Requirement:** the total amount of land likely to be required for employment uses over a stated period.

**Margin of choice:** the addition of a stated factor to the net land projections to ensure that businesses making locational choices have a degree of flexibility or choice.

**Gross Internal Floorspace:** The entire area inside the external walls of a building and includes corridors, lifts, plant rooms, service accommodation, but excludes internal walls (ODPM).

**Net Internal Floorspace:** The internal area of a building including entrance hallway, kitchens and built in units, but excluding toilets, stairways, lifts, corridors and common areas (ODPM)

**Land Immediately Available:-** Land serviced or capable of being serviced in 12 months.

**Land Requiring Preparation:** Land where major provision of roads and utility services is required, or where major demolition and site remediation is required.

**Plot Ratio:** the ratio between gross floorspace and total site area.

**Employment Density:** average floorspace per worker ratios, usually expressed as square metres per worker.

**Historic Take-up:** The average yearly development of commercial/industrial land for employment uses over the last 10 - 25 years.

**Current Take-up:** The average yearly take-up of commercial/industrial land for employment uses over the last 5 years.

**Restricted Employment Sites:** Land in addition to general employment land allocations that is restricted for particular purposes such as airport and port expansion, chemical and steel industry, protecting land for potential rail freight interchanges and sites reserved for major users and inward investment.

**Implied Supply:** An estimate of the number of years that it would take to consume available land at prevailing take-up rates. It is calculated by dividing the amount of available land by the average yearly take-up.

**Further explanatory text regarding the Key on the Employment Site Classification Maps:**

- **Existing employment site within PEA/SEA to be retained:** site currently containing a B1, B2 and/or B8 use that has UDP policy protection, and which is recommended for retention for employment use;
- **Existing employment site outwith PEA/SEA to be retained:** site currently containing a B1, B2 and/or B8 use that does not have UDP policy protection (i.e. beyond a PEA/SEA), and which is recommended for retention for employment use;
- **Existing employment site to be retained, although PEA/SEA protection to be removed:** site currently containing a B1, B2 and/or B8 use that has UDP policy protection, and which is recommended for retention for employment use. However, the PEA/SEA policy protection should be revoked from the site.
- **Suitable site, although uncertainty over delivery - PEA/SEA protection to be removed:** site currently containing a B1, B2 and/or B8 use that has UDP policy protection, and which is suitable for employment use (albeit there is a degree of uncertainty over whether the site can come forward for employment use). The PEA/SEA policy protection should be revoked from the site.

## 1.0 Introduction

- 1.1 This Employment Land Review (ELR) has been commissioned by Gateshead Metropolitan Borough Council (GMBC) to provide robust evidence to demonstrate the need for, and deliverability of, employment allocations across the Borough. The ELR will inform the Borough's Local Plan, specifically the Joint Core Strategy with Newcastle City Council and the Site Specific Allocations Development Plan Document (DPD).
- 1.2 The ELR has been undertaken by Nathaniel Lichfield and Partners (NLP) with Storeys Edward Symmons, in parallel with the Gateshead Strategic Housing Land Availability Assessment (SHLAA) and Office Capacity Study (OCS) so that land availability and suitability can be considered across a range of land requirements. The study has involved a process of continual iteration and data transfer between the three studies, with the ELR originally published in July 2010. Whilst the SHLAA has been produced as a separate document in-house by GMBC, the Office Capacity Study is appended to the main ELR Report.
- 1.3 An Office Needs Assessment has also been undertaken for both Newcastle and Gateshead Councils which, although separate to the ELR commission, has also informed the conclusions to this report.
- 1.4 This report comprises an update to the original ELR/OCS, published in July 2010, to accommodate new econometric job forecasts produced by St Chad's College, Durham that better reflect the implications of the sustained economic downturn. The report has also been redrafted to take into account the new National Planning Policy Framework (NPPF). Contextual information and site assessments in the earlier report have also been updated where appropriate to reflect changing circumstances. There have also been iterations to the SHLAA and ELR based on the studies Quays and Gateshead Central. The 2010 version of the SHLAA has also been updated in-house by GMBC.

## Context

- 1.5 The proposed methodology reflects the Council's main objectives and issues identified in the study brief. These are twofold:
- 1 To undertake a Strategic Housing Land Availability Assessment (SHLAA) identifying the amount of land available for housing, taking into account factors that may affect its deliverability and developability; and
  - 2 To provide an Employment Land Review (ELR), comprising a demand and supply assessment of employment land evidence for a 25 year period; this would also incorporate an office capacity assessment.

1.6 The SHLAA and ELR/Office Capacity Studies were undertaken in parallel so that land availability and suitability can be considered across the full range of land requirements. This approach is consistent with the NPPF, which states that reviews of land available for economic development should be undertaken at the same time as, or combined with, SHLAAs and should include a reappraisal of the suitability of previously allocated land [¶161].

1.7 The extent to which there has been a degree of synergy and integration between the various studies is demonstrated in Figure 1.1 below:

Figure 1.1 Integration of Studies - Synergy between the ELR/OCA and the SHLAA

Element of Study	Preliminary <small>March 2019</small>	Part 1 Taking Stock <small>April-May</small>	Part 2 Core Elements of Studies <small>April-June</small>	Part 3 Review & Report <small>July-Sept</small>	Part 4 Completion & Handover <small>Spring 2020</small>
<b>Integrated</b>	• Inception	• Policy & Strategy Review • Secondary Data Collection • Initial Site Surveys	• Stakeholder Consultation	• Review of SHLAA & ELR/OCS	• Submission • Post-Submission Clarification • Training
<b>ELR/OCS</b>		• Call for Sites	• Creating a picture of future requirements <small>Stage 2 ELR Guidance (2014)</small>		
<b>SHLAA</b>			• Assessment Deliverability & Developability <small>Stage 5, 7 &amp; 8 SHLAA Guidance (2017)</small>		

1.8 Whilst the findings of the updated SHLAA are considered in a separate report, the principal aims of this updated ELR/OCS are to:

- Project the rate of economic growth and sectoral mix to 2030/2038;
- Undertake assessments of Gateshead's economy and the local property market, taking into account the implications of the recession and continued economic uncertainty;
- Identify existing potential employment land and premises available for economic development;
- Quantify the employment land and floorspace for the whole of the Borough for industrial, warehouse and freight distribution and high technology premises and specialised employment land requirements/property market segments;
- Consider the implications of landless growth, understanding Gateshead's capacity to generate employment floorspace through increasing density and changing working practices;
- Take forward the office needs assessment and identify the likely capacity of Gateshead Town Centre, the district/local centres, edge of centre locations and the River Tyne corridor mixed use location to accommodate the different types of office development;
- Engage with appropriate stakeholders;

- Qualitatively appraise the existing employment land provision of all the Primary Employment Areas, Secondary Employment Areas, mixed use employment sites and other sites with employment land potential;
- Identify the future purpose of the employment land having regard to the type of site/area and the property market segment that could be accommodated, identifying the need for any improvements to the quality of the portfolio to meet market requirements;
- Identify any gaps in the Borough’s employment land provision and appraise suggested new employment allocations;
- Identify a phased pipeline of employment land to 2030/2038, incorporating a delivery strategy that identifies actions that would affect economic development;
- Provide clear conclusions based on the evidence presented to inform Gateshead’s Local Plan;
- Provide a database and linked GIS data to support the assessment and future monitoring.

## Approach and Methodology

1.9

The study’s approach follows Government guidance on undertaking ELRs<sup>1</sup>. It focuses on employment space needs for the group of B Use Classes indicated in Table 1.1. As stipulated by GMBC, it does not consider the future land needs of other employment generating uses such as retail, tourism, healthcare and education as requirements for these uses are assessed elsewhere, although it is of course recognised that these sectors perform a critical role in providing local employment and economic growth opportunities. The needs of both B class employment land and floorspace are considered in the study, and references to ‘employment space’ are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses.

Table 1.1 B-class Employment Land Definitions

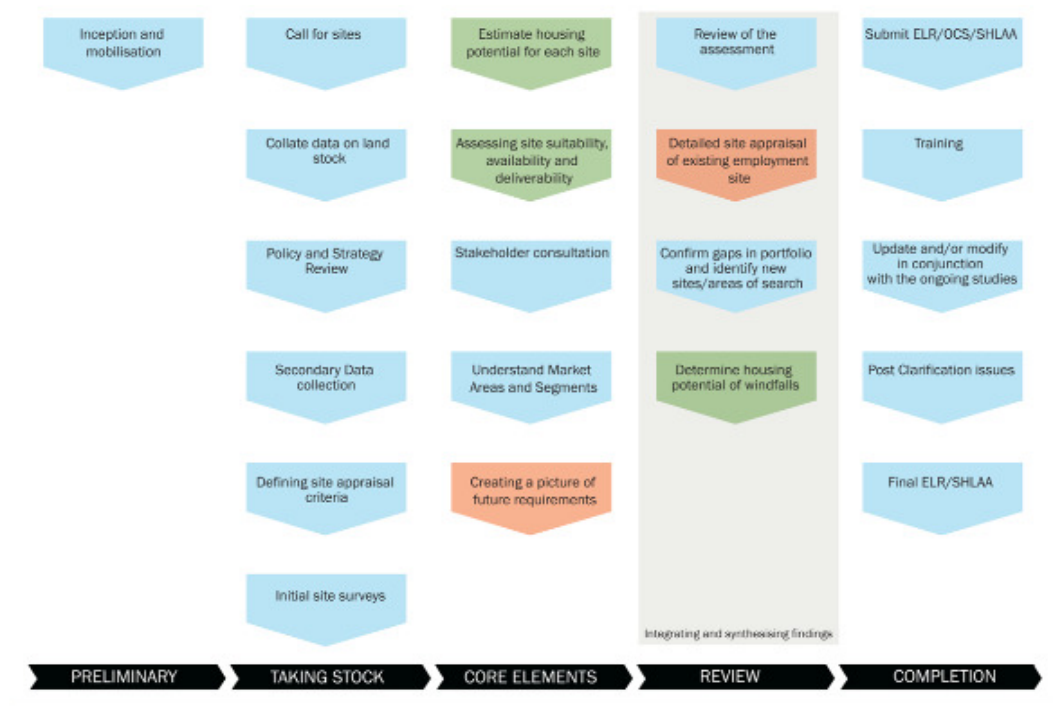
<b>B1</b>	<p><b>Business</b></p> <ul style="list-style-type: none"> <li>• Offices other than in a use with Class A2</li> <li>• Research and development – laboratories and studios</li> <li>• Light industry</li> </ul>
<b>B2</b>	<p><b>General Industrial</b></p> <ul style="list-style-type: none"> <li>• General industry (unless in B1)</li> </ul>
<b>B8</b>	<p><b>Storage or Distribution</b></p> <ul style="list-style-type: none"> <li>• Storage or distribution centres – wholesale warehouses, distribution centres and repositories</li> </ul>

<sup>1</sup> Employment Land Reviews Guidance Note, ODPM (2004)

1.10 The overall process by which the ELR, SHLAA and OCS studies have been undertaken is illustrated in Figure 1.2. A key input to this process was consultation with various organisations with an interest in the supply of employment land including employers, economic development and inward investment agencies, business groups, property agents and developers. Appendix 1 contains a list of consultees.

1.11 The study draws on employment land studies in adjoining districts and other relevant documents including planning policy guidance, property market information, local and regional economic strategy documents, planning policy documents, economic sector studies and published economic statistics (see Appendix 3).

Figure 1.2 Study Methodology



1.12 A key issue underlying the study concerns how the current recession in the wider economy and its implications for the commercial property market should be reflected in the analysis. However, it should be emphasised that the Council’s Local Plan process will be planning for longer term needs to 2030 to coincide with the Joint Core Strategy [JCS], and beyond this, to 2038 (25 years from the date of the likely adoption of the JCS). Therefore, the analysis is based not only on where the Gateshead commercial property market has been historically but also a view on how it is likely to recover and perform in future. It is intended to take a longer term perspective of the types of sites needed.

1.13 The employment portfolio will be refined based on consultation and further evidence gathering (including transport assessments) prior to informing the Borough’s Local Plan process. Where there are conflicts over recommended land uses in the ELR and SHLAA (i.e. if a site is suitable for either

employment or housing), these policy issues will be resolved during the formulation of site allocations for the Local Plan.

1.14

This final Stage 3 ELR/OCS report is structured as follows:

- **Study Context (Section 2.0)** An overview of Gateshead Borough, the planning policy context, regeneration studies and relevant employment land contextual research.
- **Economic Overview (Section 3.0)** An overview of current economic conditions and recent trends in the Borough and adjoining areas that may affect the need for employment space.
- **The Current Stock of Employment Space (Section 4.0)** A quantitative assessment of the current stock of employment space in the Borough, including levels and types of provision and recent changes in supply as well as major developments and employment land supply in nearby areas with a particular focus on the Tyne and Wear sub-region.
- **Economic Potential and Growth Sectors (Section 5.0)** Consideration of the potential future economic role of the Borough and specific sectors with growth potential.
- **The Gateshead Commercial Property Market (Section 6.0)** A review of the Gateshead commercial property market, particularly demand for and supply of different types of employment space and any gaps in provision.
- **Stakeholder Consultation (Section 7.0)** An overview of the consultation undertaken over the course of the study involving interviews, workshops and Business Surveys.
- **Planning for Employment Land Needs (Section 8.0)** This section calculates estimates of net employment land requirements into gross requirements.
- **Review of Current Employment Areas and Allocations (Section 9.0)** Assesses potential sites for employment development, in terms of suitability to meet future needs and attractiveness to the market. This is structured in terms of the existing Primary and Secondary Employment Areas in the Borough.
- **Demand / Supply Balance (Section 10.0)** Compares actual levels of available land with anticipated requirements to understand the extent to which new allocations will be required
- **Summary Conclusions (Section 11.0)** Summarises the study's main findings and recommendations

- **Office Capacity Study (Appendix 2)** This stand-alone section provides a commercially realistic understanding of the capacity of Gateshead Town Centre, edge of centre locations, public transport hubs and the River Tyne Corridor to accommodate the Borough's long term office needs and the requirements of different office markets within the Borough.



## 2.0 Study Context

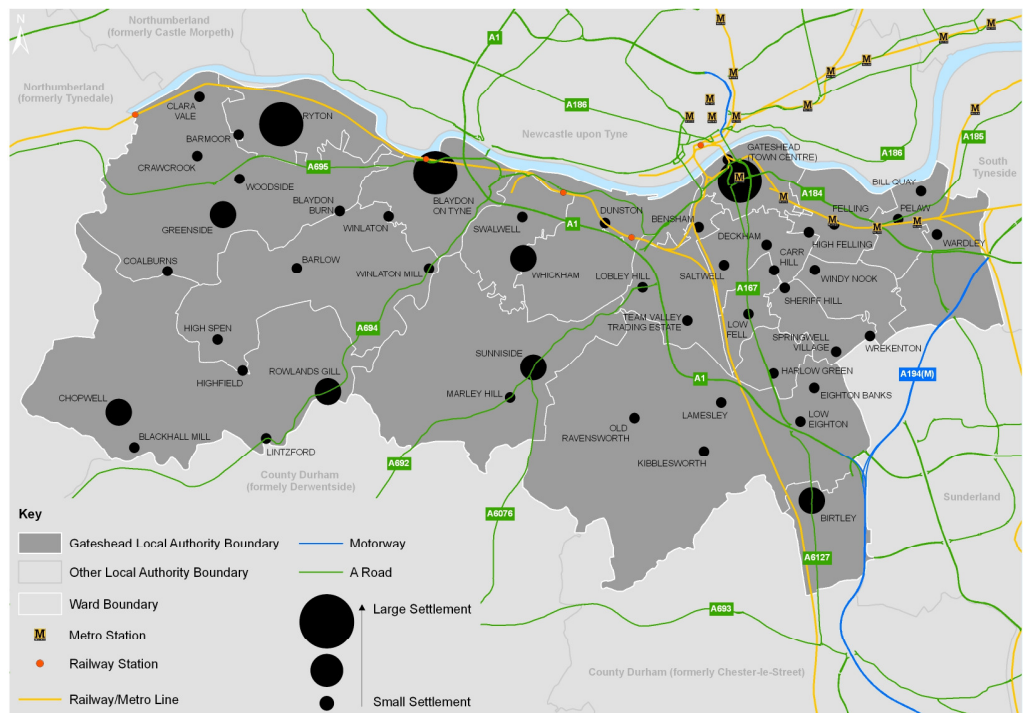
### Introduction

2.1 This Section of the report provides a brief overview of the study area, followed by a summary of the relevant policy documents relating to employment land within Gateshead.

### Gateshead Borough Area Context

2.2 Gateshead Borough has a population of 191,700 (2010) and covers an area of 55 square miles. As illustrated in Figure 2.1, the Borough is located within Tyne and Wear, bounded to the east by South Tyneside; to the southeast by Sunderland; and to the south and west by Durham. To the north, the area is bounded by the River Tyne, beyond which lies Newcastle upon Tyne and Northumberland. Although Gateshead forms part of the Tyne and Wear conurbation, with Gateshead Town Centre at its heart, around two thirds of the Borough is open countryside, with a number of attractive villages and small towns.

Figure 2.1 Gateshead Borough Context Plan



Source: NLP interpretation of ONS data

2.3 The economy in Gateshead, like many areas in the UK, is currently characterised by uncertainty. Following the recession in 2008, economic growth has been weak and the sovereign debt crisis in the Eurozone continues to affect business confidence.

- 2.4 Economic uncertainty combined with an overall reduction in public spending has resulted in very difficult market conditions for businesses within the North East Local Economic Partnership [LEP] area. Over the period from 2008 to 2011, unemployment in Gateshead, especially youth unemployment, has been rising and Job Seekers Allowance claimant levels have again risen to levels seen at the height of the recession.
- 2.5 As of 2010, there were over 5,000 active businesses in Gateshead, a decrease of nearly 1,200 since 2006. Business creation in the Borough is also significantly below the number of business closures. Within the Borough there remain several large, well established companies located within the main Primary and Secondary Employment Areas including; Team Valley; East Gateshead (including the Baltic Business Quarter); the wider Metrocentre area; Follingsby; and Durham Road, Birtley.
- 2.6 The main challenges facing Gateshead's economy include: an over-reliance on the manufacturing sector (office uses in the Borough account for just 9% of the total employment floor space); relatively high levels of deprivation - Gateshead is ranked as the 43rd most deprived local authority (of 326) in England<sup>2</sup>; and joblessness (youth unemployment, for example, is estimated to be around 27%, 8% higher than the national average)<sup>3</sup>.
- 2.7 In terms of accessibility, Gateshead is served by the A1, which lies on a north-south axis and connects the Borough to locations from Edinburgh to Doncaster through Newcastle, Durham and Leeds. The A1 also provides access to the A69 east-west route which links Tyne and Wear to Hexham and Carlisle. Train services from the Metrocentre connect Gateshead to Hexham and Carlisle, whilst Newcastle Central Station is easily accessible for much of the Borough, providing regular services to London, Birmingham, Edinburgh, Glasgow, Leeds and Manchester in less than 3 hours. The Borough is also located in close proximity to Newcastle International Airport and the North Shields Ferry Terminal. Additionally, Gateshead is served by the Tyne and Wear Metro; a light rail system with 60 stations linking the Tyne and Wear conurbation.
- 2.8 Gateshead College, which has recently invested more than £60million in the development of four campuses across the Borough, is the principal further education facility in the Borough. However, it should be noted that there are two universities within Newcastle (Newcastle University and the University of Northumbria) both of which are located less than 2miles from Gateshead Town Centre.

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<sup>2</sup> 2010 Indices of Multiple Deprivation – CLG 2011

<sup>3</sup> LFS/APS Apr 2010-March 2011, ONS

## Policy Review

- 2.9 National and regional planning policy places a particular emphasis on sustainable development through a process of:
- reviewing employment and housing land allocations to ensure the supply meets identified objectively assessed needs;
  - proactively supporting sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs; and
  - encouraging the effective use of land by reusing land that has been previously developed (brownfield land), with a view to promoting regeneration;
- 2.10 This Section of the report provides a summary of the relevant policy documents relating to employment land within Gateshead.
- 2.11 The coalition Government’s policy approach to planning has been focused on applying principles of ‘localism’ to give LPAs greater autonomy in planning for housing, and in particular setting local housing requirements in their development plans. The Localism Act (2011) will enable the Regional Strategy [RS] to be rescinded and it will no longer form part of the statutory development plan.
- 2.12 The responsibility will therefore fall to LPAs to set employment land requirement figures for their Local Plan. Local land targets will therefore be tested through the Local Plan process and local authorities will need to collect and use reliable information to justify employment land supply policies.

### Localism Act (2011)

- 2.13 Section 110 of the Localism Act sets out a ‘duty to cooperate’ for all local planning authorities and county councils in England. The new duty relates specifically to matters of sustainable development or strategic issues which will have a significant impact on more than one local planning area. The Act places a duty on local planning authorities to set out specific policies to address these strategic issues and requires them to consider joint approaches to policy and plan making.
- 2.14 The National Planning Policy Framework (2012) sets out where co-operation might be appropriate and what form it might assume. It concludes that *“cooperation should be a continuous process of engagement from initial thinking through to implementation”* [¶181].

### National Planning Policy Framework (March 2012)

- 2.15 The National Planning Policy Framework (NPPF) sets out the Government’s economic, environmental and social planning policies for England and replaces the suite of national Planning Policy Statements, Planning Policy Guidance notes and some Circulars with a single document.

- 2.16 The NPPF states that the purpose of the planning system is to contribute to the achievement of sustainable development, which should be seen as a 'golden thread' running through both plan-making and decision taking. The document states that there are three dimensions to sustainable development: economic, social and environmental. The economic role that the planning system must perform involves contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and co-ordinating development requirements, including the provision of infrastructure [¶7].
- 2.17 Within the overarching 'presumption in favour' of sustainable development, the NPPF identifies 12 core land use planning principles that should underpin both plan-making and decision taking. These 12 principles are that planning should (inter alia):
- Be genuinely plan-led; based on joint working and co-operation to address larger than local issues;
  - Proactively drive and support sustainable economic development...identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth;
  - promote the vitality of our main urban areas, protecting the Green Belts around them, recognising the intrinsic character and beauty of the countryside and supporting thriving rural communities within it;
  - encourage the reuse of existing resources, including conversion of existing buildings;
  - prefer development land of lesser environmental value;
  - encourage the effective use of land by reusing previously developed land;
  - promote mixed use developments; and
  - actively manage patterns of growth to make the fullest possible use of public transport, walking and cycling, and focus significant development in locations which are or can be made sustainable[¶17].
- 2.18 The NPPF states that 'significant weight' should be placed on the need to support economic growth through the planning system. To help achieve economic growth, Local Plans should:
- set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
  - set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

- support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;
- plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;
- identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and
- facilitate flexible working practices such as the integration of residential and commercial uses within the same unit [¶21].

2.19 The NPPF also highlights that allocated employment sites for which there is no reasonable prospect of development should not be protected in the long term. Proposals for alternative uses on such sites should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities [¶22].

2.20 The NPPF confirms that offices are a ‘main town centre use’, and as such, LPAs must allocate a range of office sites that meet identified needs in full. It also indicates that plans should incorporate policies that consider proposals for town centre uses which cannot be accommodated in or adjacent to town centres. LPAs should apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up-to-date Local Plan:

*‘They should require applications for main town centre uses to be located in town centres, then in edge of centre locations and only if suitable sites are not available should out of centre sites be considered. When considering edge of centre and out of centre proposals, preference should be given to accessible sites that are well connected to the town centre. Applicants and local planning authorities should demonstrate flexibility on issues such as format and scale. [¶24]’*

2.21 This sequential approach should not be applied to applications for small scale rural offices or other small scale rural development. Furthermore, LPAs should normally approve planning applications for change to residential use and any associated development from commercial buildings (currently in the B use classes) where there is an identified need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate [¶51].

### **The Plan for Growth (HM Treasury, March 2011)**

2.22 Against a backdrop of faltering economic growth, the Chancellor’s 2011 Budget focussed on the long-term rebuilding of Britain’s economy. The Government introduced ‘*The Plan for Growth*’, a strategy document outlining their ambitions to put the UK on a path to sustainable, long-term economic growth. The document affirmed the Budget’s objectives of creating a

stronger and more sustainable economy, with growth more evenly shared across the country and between different sectors.

### Ministerial Statement on Planning for Growth (March 2011)

- 2.23 In this context, Greg Clark, the Minister of State for Decentralisation, set out the steps the Government expects LPAs to take to help secure a swift return to economic growth:

*'The Government's top priority in reforming the planning system is to promote sustainable economic growth and jobs...the answer to development and growth should wherever possible be yes, except where this would compromise the key sustainable development principles set out in national planning policy'.*

### The North East of England Plan - Regional Spatial Strategy to 2021 (July 2008)

- 2.24 The North East Regional Spatial Strategy (RS) was effectively reinstated following a High Court decision on 10 November 2010, after it was revoked earlier in the year. However, the Government has advised that it remains their intention to abolish RS, which will occur when the Localism Bill receives Royal Assent.

- 2.25 The Government's stated intention in abolishing RS is to provide a clear signal of the importance attached to the development and application of local spatial plans, in the form of Local Plans. According to CLG, local plans drawn up with the help of the community will become the basis for local planning decisions.

- 2.26 Hence although the Localism Act 2011 makes provision for the abolition of RS the document remains, for the moment, part of Gateshead Borough's statutory Development Plan.

- 2.27 The RS for the North East provides a framework for quantifying the 'appropriate provision' for employment land. Policy 12 emphasises that major economic development/investment should be concentrated in Tyne and Wear and Teesside, in brownfield mixed use locations (including the Tyne River Corridor, east of Newburn, excluding Metrocentre) and Key Employment Locations (such as the Baltic Business Quarter), particularly for employment uses of regional/sub-regional significance.

- 2.28 Policy 18 requires Local Plans to make 'appropriate provision' of general employment land and Key Employment Locations in each local authority area. Table 2.1 sets out the maximum amount of land that should be allocated as employment land in Tyne and Wear. This Policy seeks to ensure that oversupply of employment land is not exacerbated prior to local authorities carrying out ELRs for their areas.

Table 2.1 RS Policy 18 Maximum Employment Land Allocations for Tyne and Wear

Local Authority	General Employment Land Allocations (hectares)	Key Employment Locations (hectares)	Total (hectares)
Gateshead	110	20	130
Sunderland	225	0	225
North Tyneside	230	0	230
Newcastle	30	170	200
South Tyneside	70	0	70
Tyne and Wear (Total)	665	190	855

2.29

To help develop economic policy within the RS, use was made of CEBR's economic growth scenarios for the Region, specifically the Bronze/ Silver2 Scenario, providing economic growth of 2.8% per annum. This GVA growth target underpins the RS's economic vision and aspirations for the North East to 2021. In addition, the Policy states that the amount of employment land to be allocated for each district should take into account sub-regional and local employment land assessments based on a 25-year level of supply and take-up. It should also take into account:

- the need to protect employment land and premises from redevelopment to alternative uses, where they are an essential part of the long-term employment portfolio;
- the potential of surplus existing employment allocations for de-allocation or re-allocation to alternative uses;
- a presumption in favour of regenerating and upgrading existing employment land and premises, in advance of allocating new sites on greenfield land;
- the need to ensure that employment land provision is of an appropriate scale and nature, particularly at sites outside the conurbations; and
- the need for Tyne & Wear authorities to maximise opportunities to meet any shortfall of supply through the intensification of sites around transport hubs and on previously developed land.

2.30

The 25 year cap was introduced by the Panel and endorsed by the Secretary of State to ensure that Councils do not over-provide for employment land and to allow for increases in consumption over the 17 year plan period of the RS (2004–2021). In a 2008 appeal decision<sup>4</sup> the Secretary of State indicated that a lesser amount could be appropriate.

<sup>4</sup> Para 47, Secretary of State's decision on various retail applications at Berwick upon Tweed, APP/V2913/V/05/1188325 and others, 10<sup>th</sup> January 2008.

## Gateshead Unitary Development Plan (2007)

- 2.31 The adopted Gateshead UDP (2007) places the RS into a local context. The UDP identifies ten Primary Employment Areas (PEAs) in Policy JE1, which are to be protected for employment use, with development opportunities maximised within. Policy JE2 makes provision for **69.78ha** of land for employment development within these designated PEAs, in order to meet local employment needs and to attract major inward investment. In addition, a further seven Secondary Employment Areas (SEAs) are protected for employment use. Whilst the supporting text notes that the key focus for economic investment in the Borough as a whole is in PEAs, it is recognised that the smaller industrial estates provide important facilities for small-scale local needs for sites and premises and help to provide a range of local jobs.
- 2.32 Policy JE4 'Economic development' specifies that proposals should support sustainable development principles through:
- a) the prioritisation of the renewal and reuse of previously developed land and buildings;*
    - *within established industrial and commercial estates, including extension and intensification within the curtilage of a site, and*
    - *within town centres for office development;*
  - b) the application of a sequential approach to office development (B1a) with consideration given to locations firstly within town centres, secondly to edge of centre locations well connected to a centre, thirdly to edge of centre locations, and fourthly out of centre locations;*
  - c) the inclusion of high quality, sustainable and inclusive design;*
  - d) accessibility through a choice of means of transport;*
  - e) the incorporation of ICT infrastructure; and*
  - f) the provision of local employment opportunities.*
- 2.33 The Gateshead UDP also specifies that Gateshead's Prestige Employment site is the Baltic Business Quarter. It states that this will attract regionally significant investment and make a significant contribution towards the delivery of the Regional Economic Strategy.

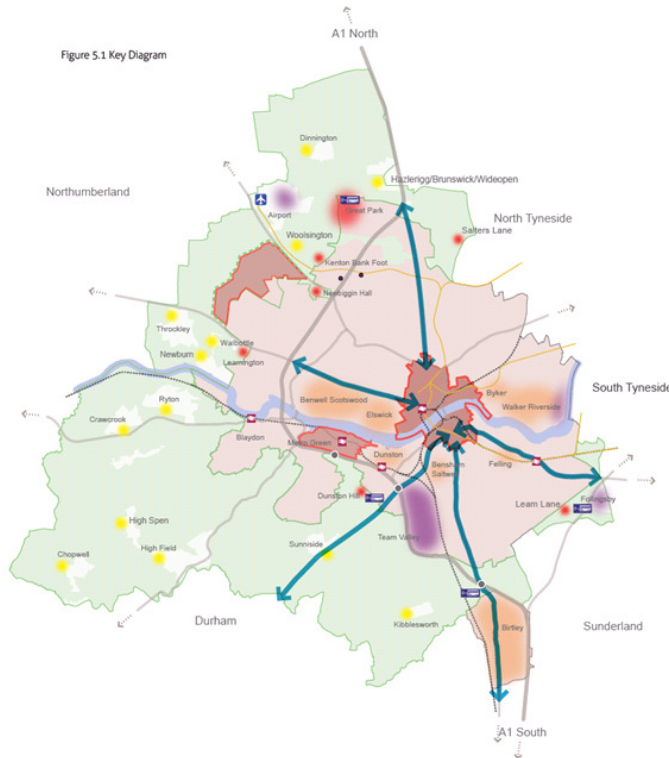
## NewcastleGateshead One Core Strategy: Draft Plan (September 2011)

- 2.34 Once adopted, the Core Strategy will constitute the strategic Development Plan for Newcastle and Gateshead up to 2030. The document seeks to increase Gateshead's competitiveness by improving and expanding the role of the Urban Core as the regional destination for business.
- 2.35 **Policy CS1** seeks to concentrate major employment related development in the Strategic Growth Area of the Urban Core, as it is the most sustainable location in NewcastleGateshead. It will be the priority location for major development, including office, retail, higher and further education,



commercial leisure, culture and tourism, supported by the development of new urban living.

Figure 2.2 Draft Core Strategy Key Diagram



Source: Gateshead MBC

- 2.36 Policy CS6 states that employment and economic growth will be concentrated within the Urban Core and four Key Employment Areas as follows:
- a For office, retail, research and further/higher education: the Urban Core;
  - b For manufacturing and engineering, including renewables and environmental industries: Team Valley, Walker Riverside;
  - c For distribution and logistics: Follingsby;
  - d For uses that would benefit from clustering around the airport: Newcastle International Airport.
- 2.37 Priorities for ensuring diversification and sustainable economic growth include:
- a Supporting our knowledge-based economy;
  - b Improving digital infrastructure delivery to businesses and residents;
  - c Supporting improvements to the quality, accessibility and attractiveness of our employment areas;

- d Ensuring a range of premises for small, medium and large business. In particular the overall level of start-up and grow-on space should be maintained and where possible increased;
- e Supporting diversification of the wider rural economy

- 2.38 Policy CS6 also seeks to improve skills and access for local people to job opportunities, through targeted recruitment and training contributions by developers.
- 2.39 **Policy CS7** addresses the Borough's employment land portfolio. It seeks to improve the diversity of employment opportunities, whilst allocated employment sites for small, medium and large businesses will be protected. It confirms that economic regeneration will be focused within allocated employment areas and the urban core.
- 2.40 The Policy states that the allocated employment areas will be the focus for employment uses and a rolling 5 year land supply with a minimum reservoir of 12.4ha per annum will be maintained, mainly for warehousing and manufacturing. For office use, the Councils will ensure a range of sites, able to accommodate up to 442,000sqm of new office space, primarily in the Urban Core. To improve the diversity of employment opportunities, allocated employment sites for small, medium and large businesses will be protected.
- 2.41 **Policy CS8** relates to the use of employment land for alternative uses. It states that within Gateshead's Key Employment Areas (Follingsby and the Team Valley), the loss of employment land that could undermine the local economy will be resisted. Development proposals that would result in the loss of employment land will be assessed on their merits, taking note of changes in the economic climate, the ongoing need of the land for employment uses, the relative need for the proposed land use and compatibility with surrounding uses. The Policy further states that development of MetroGreen for alternative uses will only be considered where it is supported by an approved comprehensive redevelopment scheme for the area.

### NewcastleGateshead Urban Core Area Action (AAP) Plan: Draft Plan (September 2011)

- 2.42 The Urban Core AAP sets out the specific planning policies for the economic centre of NewcastleGateshead. The Core Objectives of the AAP with regard to the economy are: to promote economic performance by attracting new businesses and accommodating the expansion of existing employers; increase the Urban Core's leisure, retail and business visitor capacity; improve the Urban Core's retail offer; and contribute to a reduction in carbon dioxide emissions.
- 2.43 The AAP prioritises five large development opportunity sites as the main focus for office and business development but does not exclude other Urban Core locations for these uses.

- 2.44 Policy 1 defines the five Priority Sites for office and business Development, where new large-scale office and business development will be promoted and concentrated as part of large mixed use schemes (development mix and office development quantum in brackets):
- **Science Central/Gallowgate** (Science and Research / premier office: 77,380 sqm / 10,000 sqm);
  - **Stephenson Quarter** (premier office: 40,000 sqm);
  - **East Pilgrim Street** (retail-led mixed use with B1 office element: 75,000 sqm);
  - **Gateshead Quays** (premier office: 24,451 sqm);
  - **Baltic Business Quarter** (premier office: 98,250 sqm).
- 2.45 Other significant office locations include Forth Yards (44,000 sqm); Gateshead Centre (2,344 sqm) and Ouseburn (18,841 sqm). The AAP also supports the development of clusters of Small and Medium Enterprises (SMEs) as part of mixed use schemes.
- 2.46 The AAP defines seven Sub Areas of which 3 are located in Gateshead Borough – Quayside and Quays; Gateshead Central and the Southern Gateway. Each Sub Area has a distinct role and function and collectively contributes to the future success of NewcastleGateshead. Gateshead Quays, East Pilgrim Street, Science Central, Stephenson Quarter and Trinity Square are the Councils' priorities for achieving significant change in the Urban Core. Comprehensive development will be promoted to realise the regeneration potential of the Key Sites and to realise the Plan objectives:
- **The Quayside and Quays Sub area:** the vision for this area is to enhance the area's iconic built and natural environment and cultural and leisure assets by supporting the development of the river banks to create a world class business, leisure and tourist destination. The Key Site in this area is Gateshead Quays, wherein Policy 20 states that development shall provide a new commercial and cultural quarter for NewcastleGateshead which will maximise the benefits of its internationally recognised location and support and complement the regeneration and growth of surrounding areas, by a comprehensive development that provides (inter alia): - office (B1), leisure and conferencing facilities (D1, D2), hotel (C1), residential (C3) with ancillary uses (A1, A2, A3, A4).
  - **Gateshead Central Sub-Area:** This is the smallest Sub Area and is focussed on the shopping heart of Gateshead and the transport interchange. Trinity Square is the Key Site in this area, and Policy 45 states that the development of Trinity Square will provide comprehensive retail led redevelopment anchored by a new supermarket with supporting retail units, student accommodation, commercial space and a new public square.

- **Southern Gateway Sub-Area:** This comprises the most southerly edge of the Urban Core, wrapping around Gateshead Centre to the west and south. In this Sub Area the key site Exemplar Neighbourhood is the priority, delivering major regeneration and a new housing offer at the heart of the conurbation.

## Regeneration Strategies and Initiatives

2.47 This section, completed by GMBC Officers, provides an analysis of economic policy documents relating to the future need for, and supply of, employment land. The following documents have been reviewed, with the key findings summarised below:

- North East Local Enterprise Partnership;
- Low Carbon Enterprise Zones;
- Local Economic Assessment Refresh;
- Vision 3030: A Sustainable Community Strategy for Gateshead;
- Fit for a City: Gateshead Centre Regeneration Delivery Strategy;
- Plan1ng NewcastleGateshead: 1NG Plan;
- The NewcastleGateshead Accelerated Development Zone; and,
- MetroGreen Concept Framework.

### North East Local Enterprise Partnership

2.48 The North East Local Enterprise Partnership [NELEP] covers the local authority areas of County Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland. The area includes a population of 2 million, £32 billion economy and 43,000 businesses. It aims to ensure that the North East maximises its contribution to national economic growth and rebalancing the national economy and sustain the strong leadership and partnership working.

2.49 Further, the Local Enterprise Partnership aims to be instrumental in:

- Promoting productivity, enterprise and business growth through developing innovation and exploiting research and development capabilities;
- Building on key economic strengths and developing the sectors that are strategic to the UK and are clustered in the North East such as low-carbon vehicles, offshore wind, chemicals and process industries and a range of other new industries;
- Supporting enterprise and Private Sector Business Growth, including dealing with enquiries for new investment from both existing businesses and inward investors;
- Bidding for and programme managing funding.

- Providing strategic input and projects into other key areas linked to economic growth such as integrated transport, infrastructure, connectivity and energy investment.

2.50 The NELEP's current work programme includes a number of projects as set out below:

#### Administrating the Growing Place Fund and Regional Growth Fund

2.51 The Growing Place Fund provides £17 million revolving pot to generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing.

2.52 The Regional Growth Fund aims to help those areas and communities which were dependent on the public sector to make the transition to sustainable private sector-led growth and prosperity. The North East and Gateshead in particular has experienced significant success in earlier rounds (1 and 2) securing support for crucial investment projects brought forward by Mediaworks and Eutechnyx operating in the creative and digital industries; Rettig and Responsive Engineering, key employers in the manufacturing sector; Gateshead College, and Northern Pinetree Trust, supporting local entrepreneurs. Round 3 of the Regional Growth Fund with a budget of £1 billion has been launched by BIS. The North East LEP submitted a bid for North East Infrastructure of £45 million. If the bid is successful, the Council would be able to submit proposals to the LEP, complementing the ADZ or other regeneration initiatives.

#### Rural Networks and Rural Growth Zones

2.53 Gateshead will benefit from the Garden Shed project at Gibside. This will provide ten SMEs with workshop accommodation suitable for creative industries within renovated buildings within the Gibside Estate.

- Growing Medium Sized Business Pathfinder;
- Growth and Innovation Fund;
- New Transport & Infrastructure projects
- Technology and Innovation Centres
- Centre for Offshore Wind and Renewable Engineering (CORE)

#### NELEP Low Carbon Enterprise Zone

2.54 The Northern Eastern LEP area's Low Carbon Enterprise Zone was agreed in August 2011. It is hoped to generate 7,000 net additional jobs in next the 10 years focusing on quality jobs and supporting infrastructure. They will be operational from April 2012, supported by a new marketing strategy

2.55 The **Phase 1** includes 117ha focused on capturing the benefits of low carbon economy:

- Ultra Low Carbon Vehicle** sites comprise of 42ha adjacent to the **A19 in Sunderland**. Four of the five sites are located within the Nissan compound. This physical proximity means it is likely that these sites will be developed for uses, which specifically relate to the automotive/electric vehicles or battery technologies. Turbine Business Park to the south of Nissan is owned by Barmston Developments. Planning permission exists for a mixed use development with potential to accommodate low carbon and advanced manufacturing industries.
- Offshore Wind and Renewables (River Tyne North Bank)**, including Swan Hunter in North Tyneside, Neptune Yard in Newcastle and the Port of Tyne North Estate. The Port of Tyne site provides port facilities with potential to accommodate marine engineering (including offshore wind) or maritime-related uses. The Neptune Site and Swan Hunter site provide quayside sites with potential to accommodate sub-sea and offshore wind sectors.

2.56 **Phase 2** includes Blyth Renewable Energy Zone, Port of Sunderland and Hawthorne Business Park A19 County Durham.

2.57 The NELEP EZ will take advantage of the Government incentives: business rate discount and enhanced capital allowances for plant and machinery, Local Development Orders (Draft LDOs are expected to go out to consultation from Spring 2012), superfast broadband, capital allowances for plant and machinery, and UKTI support for inward investment or trade opportunities.

Figure 2.3 NELEP Low Carbon Enterprise Zone



Source: NELEP

## Local Economic Assessment (2012 update)

2.58 Gateshead's Local Economic Assessment was updated in 2012. It aims to encourage economic development in the Borough and contribute towards improving the economic performance of the North Eastern Local Enterprise Partnership area (NELEP). The Council and partners aim is to 'create a sustainable, well-paid economy producing good quality jobs for skilled people.'

2.59 It identifies the following key economic considerations:

- The successful regeneration of both Gateshead town centre and Gateshead Quays is fundamental.
- Manufacturing diversification and the growth of new manufacturing sectors is essential to the Borough's economic success.
- Increasing business specialisation is vital to improving economic performance as is working with universities to promote innovation and help businesses bring new products to market.
- Creative industries, business services and distributive trades are the sectors seen as having the greatest growth potential. Over the next 20 years, the council should continue to invest in Baltic Business Quarter and Gateshead Quays to enhance the office, commercial, tourism and leisure potential of the area.
- There is a need to develop a robust approach to business winning to ensure that high growth businesses, within key sectors such as business and professional services, creative and cultural businesses and high quality retail locate in Gateshead.
- Whilst skills diversity is improving, there is a need to maintain this progress and ensure that the local skills base meets the needs of new and existing businesses
- Continued diversification of the skills base is essential to meet the needs not only of Gateshead businesses, but also businesses across the NELEP area where residents work accessing knowledge based jobs.
- Proposals to develop 36,000 new homes will help to deliver the long-term aspiration of a combined Gateshead and Newcastle population of at least 500,000.
- By promoting financial inclusion, we will help residents become economically sustainable and improve life chances.
- The development of the low carbon economy offers significant growth potential for manufacturing and construction.
- Next Generation (broadband) Access (NGA), with superfast speeds is essential if local businesses are to compete globally over the longer term.



- The reduction in public funding for infrastructure projects requires us to work in different ways to promote physical regeneration. There is a need to develop new financial instruments, such as Accelerated Development Zones, Community Infrastructure Levy and Tax Incremental Finance Initiatives (TIF's), whilst working with developers to access NELEP loan funding to overcome “blocked” developments
- Improving the accessibility of NewcastleGateshead’s urban core and improving the capacity of the A1 at key pressure points will be important to tackle congestion on key corridors and improve regional, national and international links, which support regeneration.

2.60 The Business Winning NewcastleGateshead 2010 Report, compiled for 1NG by OCO Global, details the high, medium and low sectors for potential inward investment in the coming years.

Table 2.2 High, Medium and Low Potential Sectors for Inward Investment

Supply/Demand	High	Medium	Low
High	-Business and professional services -Stem cells and regenerative medicines	-Electronics & telecommunications -Retail	
Medium	-Advanced manufacturing (low carbon and environmental)	-Financial services -Ageing and health -Tourism	-Molecular engineering
Low		-Creative & cultural industries (mainly digital media offer) -Sports & recreation	

Source: Business Winning NewcastleGateshead 2010

### Vision 2030: Sustainable Community Strategy for Gateshead (May 2010)

2.61 The vision set out in the Sustainable Community Strategy focuses on people and place. It seeks for local people to realise *‘their full potential enjoying the best quality of life in a healthy, equal, safe and prosperous and sustainable Gateshead’*. The Vision aims to improve the wellbeing and equality of opportunity for everyone in Gateshead so that all residents and businesses can fulfil their potential.

2.62 It focuses on 6 Big Ideas:

- City of Gateshead – involving close working with Newcastle City Council to jointly improve the economy of both Gateshead and Newcastle;
- Gateshead goes Global – maximise the opportunities of globalisation for local benefit and reward and to recognise our role in the internal community;



- Creative Gateshead – giving local people the chance to enjoy a variety of creative experiences;
- Sustainable Gateshead – looking at how we live, how we travel, use our resources and energy and ensure a sound economic future and an attractive local environment for Gateshead;
- Active and healthy Gateshead – improving health and lifestyle;
- Gateshead volunteers – is about involving local people in their community.

2.63 The Strategy seeks to achieve a robust and sustainable economic base and identifies a pathway to achieving this Vision that includes:

2.64 By 2030:

- University presence in Gateshead, supported by a Research and Development Centre;
- Annual World Trade Festival supported by developing world communities;
- Internationally linked, high speed rail terminal opens in Gateshead.

2.65 By 2020:

- Eco Innovation Gateshead - a tourist destination
- Publicly owned ICT network in place
- Quayside and Baltic Business Quarter complete
- Design Centre for the North opens in Gateshead
- Vibrant new Central Gateshead shopping area completed
- Growth in Eco and knowledge based sectors has significantly increased the number of jobs available in Gateshead

2.66 By 2010:

- Next phase of Quayside development commences
- Begin implementation of Town Centre development

2.67 Vision 2030 also includes a development framework to create the right sort of environment to realise Gateshead’s ambitions. Gateshead will support and promote development activity which: regenerates the urban core and facilities high quality 21st century living; sustains and improves the economy and housing; secures high value jobs in our business quarters; strengthens the sustainability of rural settlements. It identifies a Waterfront Corridor running from Bill Quay to Ryton and a Cultural Corridor running from the Urban Core to Birtley. The urban core is identified as a Strategic Area of Change for creating a vibrant city centre with affordable urban living and a business quarter. MetroGreen is also identified strategic area for sustainable mixed use community. To secure a sustainable Gateshead priorities include securing investment and job creation in knowledge based and digital industries, green industries, engineering and advanced manufacturing.

## Fit for a City: Gateshead Centre Regeneration Delivery Strategy (December 2008)

- 2.68 Forming part of Vision 2030, Fit for a City, Gateshead's Regeneration Delivery Strategy (RDS) is a long term and aspirational vision to guide the regeneration of Gateshead Town Centre over the next 15 to 20 years. It provides a spatial plan and delivery framework, identifying development, public realm and transport projects, which can be delivered both in the short-term and over the lifetime of the plan. The purpose is to develop a successful, attractive and sustainable mixed-use centre that makes Gateshead an integral part of the NewcastleGateshead urban core.
- 2.69 The strategies set out in Gateshead's RDS have informed the 1Plan – the NewcastleGateshead economic masterplan. Fit for a City will also inform Gateshead's emerging Local Plan in order to further develop the spatial strategy for the Centre and prioritise the need to release and unlock sites for specific uses.
- 2.70 The phasing plan set out in Fit for a City is based on market conditions before the full impact of the 2008/09 recession were felt. Consequently, although the strategic priorities of the RDS remain valid in the current economic climate, there is some uncertainty regarding the phasing timescales, and scale of development identified in the strategy.
- 2.71 An urban capacity study was undertaken for the RDS, which identifies approximately 20ha development land (i.e. 50% of the RDS area) that could be subject to redevelopment over the next 10-15 years. It also sets out that this could be doubled if the area comprising Gateshead Quays, Baltic Business Quarter and Chandless are included.
- 2.72 The RDS identifies potential for new modern office spaces and the provision of more visually appealing, independent spaces that will encourage culture, creativity and enterprise. The aim of creating a complementary business and commercial realm to plug gaps in the provision of accommodation in Newcastle and Gateshead and complement the types of new business accommodation proposed at the Baltic Business Quarter. The RDS also emphasises the need to capitalise on existing assets and planning investment, including at Team Valley, Gateshead International Business Centre (which has been successful in attracting creative industries), Gateshead College, the Open University and the development of the Baltic Business Quarter.
- 2.73 The RDS indicates that new space may attract innovative small companies, design/ICT or 'green economy' sectors. It will be necessary to identify opportunities for the reuse of existing buildings to create affordable space for start up business (estimated to be around 100,000 sqft in the Centre and surrounding secondary locations). The RDS also estimates that the provision of flexible floor plates (750-2,500 sqft) will complement larger units on offer at the Baltic Business Quarter, which is expected to deliver larger floor plates in excess of 5,000 sqft. **In total, potential locations for**

**just under 67,000 sqft of office space are identified in the RDS across 31 sites reflecting long term regeneration ambitions.**

### Plan1ng NewcastleGateshead: 1Plan (June 2010)

- 2.74 In late 2011 1NG, the city development company for NewcastleGateshead closed. The functions of 1NG are to be carried out internally by Newcastle and Gateshead councils. The 1Plan, produced by 1NG in 2010 remains the Economic Masterplan for NewcastleGateshead. Given the ongoing lack of confidence in the economic climate, there is some uncertainty regarding the timescales and scale of development involved in the schemes identified in the 1Plan. However, the principles and objectives which underpin the strategy remain valid.
- 2.75 The 1Plan sets out the economic and spatial strategy for NewcastleGateshead for the next 20 years. The report highlights the possible benefits of a ‘twin city’, between Newcastle and Gateshead setting a standard for innovative and interesting new developments (specifically the Sage and the Baltic). The 1Plan’s vision is to create a city of science, technology and innovation, developing and commercialising a new generation of products and services which will address the global challenges of economic, demographic and environmental change. Science, creativity, skills and enterprise will drive economic growth in NewcastleGateshead and the wider region, energising the business base, driving new firm formation, attracting inward investment and providing high levels of employment.
- 2.76 The Plan maps out a strategy based on 3 key elements:
- **4 Big Moves** which establish the key themes of 1NG’s approach – economy, people, place and sustainability;
  - **10 Key Steps** which describe the practical actions to be taken over the next 3-5 years, and the priorities for action, and
  - **A placemaking strategy** which shows how 1NG will shape the city to promote sustainable urbanism and transform the urban core.
- 2.77 The Plan identifies four key sectors which will drive NewcastleGateshead’s future prosperity: low-carbon; science technology; culture and creativity; tourism; and business services. As regards the latter sector, the plan seeks to ensure that NewcastleGateshead can reclaim its role as the natural centre for business and professional services in the north east.
- ‘A great regional capital needs a choice of top quality office space in a dynamic central business district. The recent trend for office employment to drift out to suburban locations is unsustainable, and by weakening the urban core it damages the whole region. We will re-establish NewcastleGateshead as the location of choice for high quality service sector jobs.’*
- 2.78 In this regard, the plan seeks to pioneer new forms of sustainable urbanism to encourage more people to live and work in the urban core and to reduce car dependency. Development should cluster around transport hubs, and extensions to the urban core should factor in improvements to public transport infrastructure. This will encourage public transport usage and

stimulate investment in some underperforming parts of the urban core, for example Gateshead Centre. 1PLAN focuses on the key objectives of delivering ICEC, creating mixed use quarter on Gateshead Quays, facilitating development of Hawks Rd and BBQ, and reconnecting the waterfront to regenerated town centre by simplifying the road infrastructure and creating sites for development. As noted earlier, in the current economic climate, the scale and timescales for delivery are now uncertain, but the aspirations set out in the 1Plan remain.

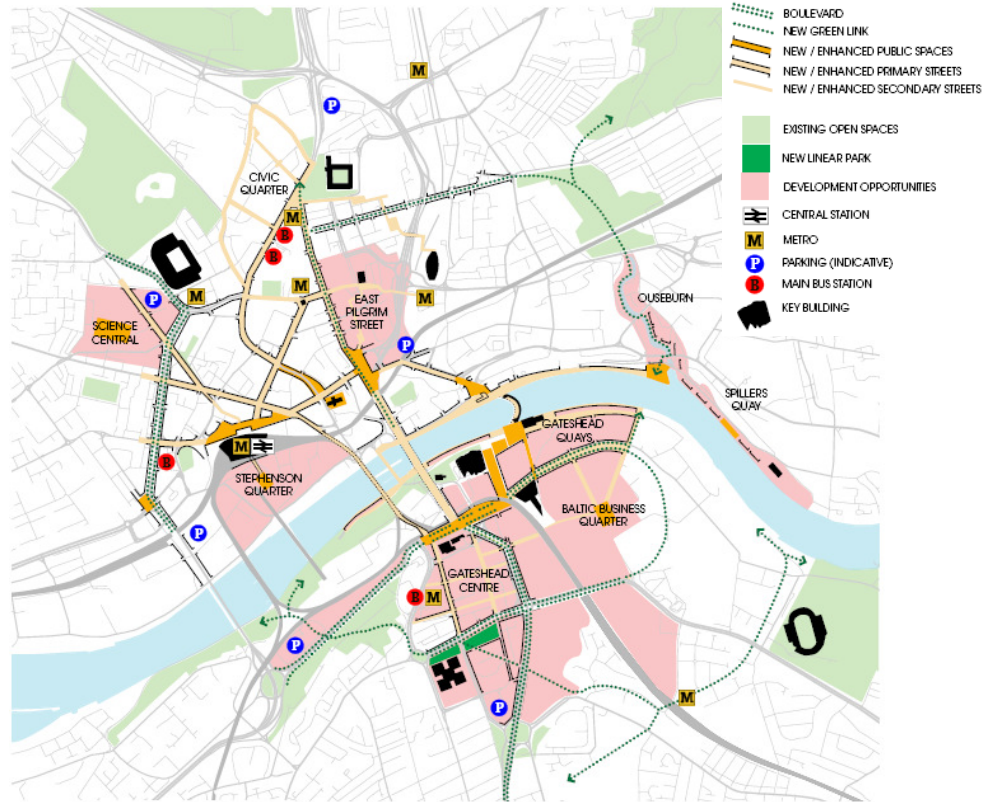
2.79 Of particular relevance to this ELR are the following points:

- **Knowledge hubs:** The 1PLAN will create a network of knowledge hubs in the heart of the city – places where the key industries of the future will co-locate and grow, and where teaching, research, specialist services and businesses of all sizes will come together. We will market the knowledge hubs to attract investment and new businesses. Key sites include: Science Central (low-carbon and sustainable industries); Northern Design Centre (digital media); the Campus for Ageing & Vitality (ageing and health); International Centre for Life (stem cells and regenerative medicine).
- **Central Business District:** a key part of the return to the city will be a revival in the fortunes of NewcastleGateshead’s under-performing central business district. The regeneration of Gateshead Quays will create attractive new mixed use quarters with modern office space for professional, business and financial services.

2.80 In terms of a placemaking strategy for the urban core, the 1Plan states that:

*‘The present scattered pattern of development will coalesce into arcs of knowledge and creativity, encircling the heart of the city. We will give a new lease of life to the central business district, creating high quality mixed use developments at Gateshead Quays, Baltic Business Quarter and East Pilgrim Street.’*

Figure 2.4 1Plan Strategic Framework



Source: 1NG: 1Plan 2009

- 2.81 The Report concludes that 1NG will seek to embed the concept of sustainable urbanism by coordinating planning policy and transport planning, actively promoting the urban core as the place to be for knowledge businesses and knowledge workers, and stemming the tide of suburbanisation.
- 2.82 The Council continues to implement the 1Plan ambitions. The Northern Design Centre opened in February 2012 within the Baltic Business Quarter. It provides prestigious SME accommodation for creative businesses including incubation space, studios and bespoke conference and research facilities. It will provide the focal point for design industry supported by a dedicated business collaboration network.
- 2.83 The Council seeks to pursue the conference, exhibition and events centre on the land currently used for car parking to the south of The Sage Gateshead. This will meet a long-held desire to increase the region’s business tourism economy. Work is currently underway on detailed feasibility study in conjunction with Arts Council.

**Team Valley Trading Estate – Business Neighbourhood Frontrunner**

- 2.84 Team Valley is one of only eight locations nationally chosen as pilot areas to develop business led neighbourhood plans. UK Land Estates is working with the Council to investigate the opportunity to develop a business neighbourhood plan or alternative policy options for Team Valley Trading

Estate to facilitate faster delivery of a range of office, industrial and mixed developments to meet the business needs of the area.

## The NewcastleGateshead Accelerated Development Zone

2.85

On 5th July 2012 the Government agreed City Deals within 8 core cities including Newcastle and Gateshead. The deal includes:

- Potential to create of a NewcastleGateshead Accelerated Development Zone, unlocking city centre growth in Science Central; Central Station and Stephenson Quarter; East Pilgrim Street; Gateshead Quays and Baltic Business Quarter. This would provide Tax Increment Financing powers – all growth in business rate income generated within the four key development sites retained by Newcastle and Gateshead Councils for 25 years. This could provide a £92m investment programme, with the potential to create 600 construction jobs, leading to 1,500 permanent jobs within five years and 13,000 over the next 25 years;
- Delivering a locally devolved NEET Youth Contract Pathfinder across Newcastle and Gateshead;
- Development of an investment programme to reduce congestion on the A1 Western Bypass, working with the Department for Transport, Highways Agency, Gateshead Council and local partners to reduce journey times on one of the most congested links in the national network; and,
- Finalising an updated business case for the Lobley Hill scheme ahead of the next spending review period, enabling it to be considered for early delivery.

2.86

The ADZ would be funded through Tax Increment Financing (TIF) with business rate growth ring-fenced by the government for a period of 10 years. It was hoped that the ADZ would finance the cost of £151 million of new infrastructure, thereby tackling barriers to growth and ensuring private and public sector investment providing a £1bn boost to the North East's economy and generate 17,000 jobs. The Government announced in the Budget March 2012 that the national ADZ allocation would only be £150 million and funding will be allocated to core cities via competition bids. Newcastle and Gateshead have submitted a proposal for £146 million, with an option of a scaled-down version for £90 million. The Government is expected to make a decision in July 2012 and the retention of business rates would start from April 2013.

2.87

The ADZ would give the council confidence to invest in infrastructure required to enable full development of the Gateshead Quays and Baltic Business Quarter area including: quay wall improvements, re-provision of public car parking (1,000 spaces), provision of further infrastructure in Baltic Business Quarter (extending the boulevard), development of a district heating network, roll out of an open access fibre optic network that will enable delivery of super fast broadband, and demolition and remediation of sites such as



Kaufman site (G362). The ADZ's central project is the development of a Conference and Exhibition Centre.

### **MetroGreen Concept Framework Plan**

- 2.88 The MetroGreen Concept Framework Plan is currently prepared to fulfil the vision for the area around the Metrocentre. The area is currently predominantly designated in the UDP as employment land within the Dunston Primary Employment Area and mixed use allocations. The concept framework will provide strategic, high level planning, design & infrastructure guidance for developers to facilitate the delivery of MetroGreen beyond the next 20 years.
- 2.89 The vision for MetroGreen is to create 'a new sustainable urban community based around a network of high quality green and blue spaces & routes integrating the site internally with the surrounding area. It will be a place where people want to live and work, where they will enjoy great access to the River Tyne, the surrounding countryside, public transport and nearby facilities and services. MetroGreen will be a walk able and green place combining contemporary new buildings with a high quality spaces and routes to create a distinctive character.'
- 2.90 The key objectives for MetroGreen include:
- Provide distinctive and walkable residential neighbourhoods offering a wide choice of housing types, sizes and densities to ensure a balanced and mixed population;
  - Provide new, and improve access to existing, services and facilities to meet the day-to-day needs of residents and workers;
  - Provide a range of flexible workspaces for business start ups, SME's and homeworkers;
  - Sustain the existing retail, commercial and leisure employment uses at the Metrocentre and support its evolution into a more pedestrian friendly and legible place;
  - Create a green infrastructure network by improving existing green and blue spaces and providing new spaces and routes. Flood and surface water management solutions will be integrated within the network. It will facilitate the provision of a distinctive and high quality environment for investment, integrate the area internally and create strong connections to the River Tyne corridor and the wider strategic Green Infrastructure Network.

### **Gateshead Rural Economic Strategy and Action Plan (2012-2015)**

- 2.91 This document seeks to improve the economic performance of the rural area of Gateshead, based on delivering three themes:

- **Business** – maximising the potential and competitiveness of both new and existing businesses. This focuses upon tourism activity, particularly activities in Gibside and Derwent Valley; food and drink production; and maximising land and property assets;
- **People** – developing the local labour market to meet the needs of the rural economy; and,
- **Place** – creating successful and resilient rural communities. This will be supported by increasing affordable housing provision; providing sustainable transport solutions; and locally-based services.

## Summary

2.92 The key messages from this section can be summarised as follows:

### Planning Policy Context

- Gateshead’s UDP makes provision for 70ha of employment land across ten PEAs, where economic investment will be focussed. A further seven SEAs are identified which are also protected for employment use;
- The UDP specifies that Gateshead’s Prestige Employment Site is the Baltic Business Quarter, which will attract regionally significant investment to the Borough;
- NewcastleGateshead’s One Core Strategy seeks to ensure that businesses have access to an appropriate range, mix and quality of employment sites. The draft Core Strategy and the Urban Core AAP focus employment uses to the following areas; Team Valley; Follingsby; Baltic Business Quarter; Gateshead Quays; and Trinity Square / Gateshead Town Centre;
- Gateshead falls within the North East Local Enterprise Partnership. The Borough has not directly benefited from inclusion within the Low Carbon Enterprise Zone which will be operational from April 2012;
- The Council continues to take a leading role in supporting regeneration and economic development activities, to implement Vision 2030, the Local Economic Assessment and 1Plan ambitions with a key focus upon the Urban Core. Over the past year, Gateshead Centre has benefited from the commencement of the Trinity Square redevelopment and the Northern Design Centre has opened on the Baltic Business Quarter;
- The Council seeks to optimise private sector investment and address infrastructure constraints, utilising where possible innovative funding mechanisms such as the Regional Growth Fund, Accelerated Development Zone and Community Infrastructure Levy;



- The ambitions of 1Plan of creating a city of science/ technology and innovation and extending Newcastle City's CBD into Gateshead through new mixed use quarters with modern office space for professional, business and financial services will continue to be implemented by the Councils. Gateshead Council continues to pursue the potential of developing a Conference and Exhibition Centre on Gateshead Quays.
- Economic policies acknowledge the need for the provision of a balanced employment land portfolio that meets the needs of businesses. A lack of sites can constrain economic growth; although it is recognised that some employment land may not meet future requirements and maybe more suitable for alternative uses, as reflected within the MetroGreen concept;
- Growth sectors in the Study Area's economy are knowledge-based industries, value-added manufacturing and engineering, tourism, creative and cultural industries, low carbon/environmental technologies, logistics and high quality office jobs;
- The Study Area contains a number of strategic employment sites which will be key to future economic growth.

## 3.0 Economic Overview

3.1 This section established the economic context of the study by reviewing recent economic conditions and trends within Gateshead in the context of the economies of Tyne and Wear, the North East and Great Britain. This analysis is important in identifying the existing strengths and weaknesses of the Borough's economy, as well as those factors likely to influence the nature and level of future demand for employment land.

### Economic Activity

3.2 Over the last 30 years, the economy of Gateshead has witnessed significant change with a shift away from traditional manufacturing towards more service-oriented activity. At present, economic activity within the Borough is focussed in a number of locations including:

- Team Valley Trading Estate: a regionally significant employment area providing over 18,000 jobs in a mixture of industrial, warehouse, office and retail development;
- Metrocentre: an indoor regional shopping centre estimated to support 8,000 direct jobs and which has acted as the catalyst for significant further investment in the surrounding area including a retail park, hotels and business parks;
- Gateshead Town Centre: – which supports a large number of retail jobs, as well as public sector employment at Civic Centre and a concentration of financial and legal practices in the Bensham Road/Regent Terrace area

3.3 Like most local authorities, Gateshead's business base primarily comprises of small businesses, with 86% of firms employing fewer than 20 people (Table 1 in Appendix 3). However, the Borough does have an above average proportion of large companies, with 2% of businesses employing more than 100 people, compared to a national average of 1.5%.

### Economic Trends

3.4 Recent economic trends in the Borough are summarised below, with detailed statistics contained at Appendix 3. These allow the recent performance of Gateshead's economy to be compared with that of Tyne and Wear, the North East region and Great Britain as a whole.

3.5 Following a tentative recovery from what was arguably the worst recession since records began, 2011 was a year of weak economic growth and continuing economic uncertainty, especially in the Eurozone where the sovereign debt crisis has had a significant impact and affected global business confidence.

3.6 This, combined with austerity measures in the UK, has hit the North East Local Enterprise Partnership [LEP] economic area hard. For example,

unemployment in Gateshead (especially youth unemployment) has been rising and claimant levels for Job Seekers Allowance [JSA] have now surpassed levels last seen at the height of the recession (5.6% of all residents aged 16-64 as of February 2012).

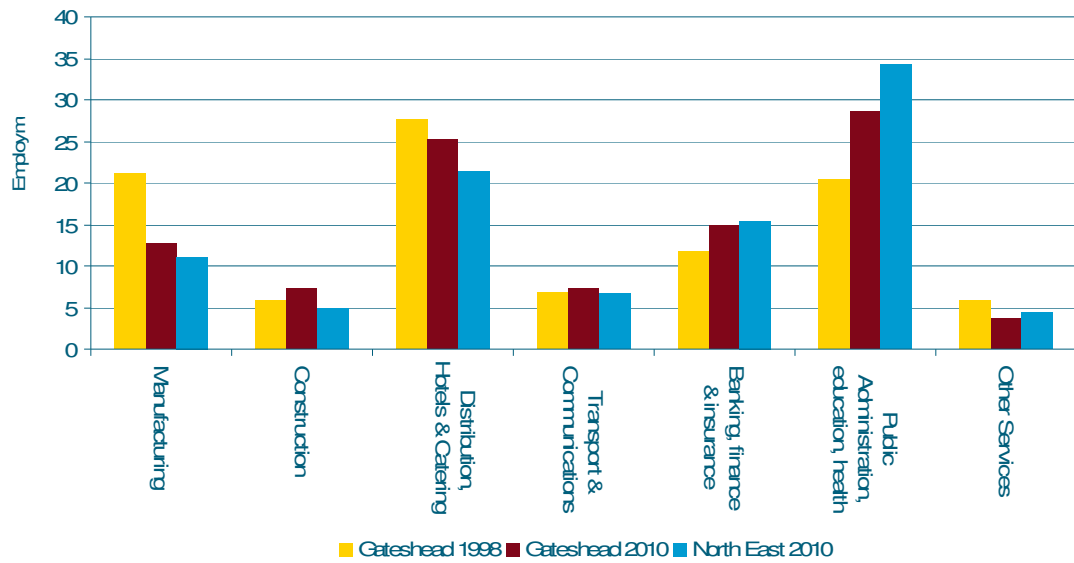
- 3.7 In 2010, the resident population of Gateshead was estimated at 191, 700, down from 194,300 in 1997. This represents a change of -1.4%, compared with national growth of 4.9%. In contrast, however, the number of jobs in Gateshead has historically grown at a faster rate than the national average. Indeed, over the period 1998-2008, the number of employee jobs<sup>5</sup> in the Borough grew by 15.4%, from 80,100 to 92,400, whereas nationally, growth of 9.5% was observed. The level of growth also exceeded the regional average (9%) and was second only to Newcastle upon Tyne (Appendix 3, Table 2a).
- 3.8 From 2008 to 2012, the Country has experienced a significant and prolonged period of low and negative growth. Over the period 2008-10, the number of jobs in Gateshead's economy decreased by 7% (95,129 in 2008 to 88,445 in 2010, Business Register and Employment Survey), the second largest decrease in Tyne and Wear. Over the same period, jobs in the North East and Great Britain decreased by 5.5% and 3.7% respectively (Appendix 3, Table 2b).
- 3.9 In employment terms, Gateshead's key industrial sectors are distribution, hotels & catering (25.2%), and public administration, education & health (28.6%). Additionally, manufacturing (12.7%) and banking, finance & insurance (15.0%) also account for a significant proportion of local jobs. The manufacturing sector accounts for a higher share of employment within Gateshead than at the regional level and this is also more strikingly the case for distribution, hotels & catering<sup>6</sup>. Conversely, public administration, education & health is significantly under-represented in comparison with the level observed across the North East. The proportion of employment in the typically more dynamic sector of banking, finance & insurance is slightly lower than the regional figure, although both lag significantly behind the national average (Figure 3.1).

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<sup>5</sup> Note – 'employee jobs' excludes the self-employed, government-supported trainees and HM Forces, hence it will not necessarily align with the St Chad's employment forecasts referred to later on in this report.

<sup>6</sup> Distribution, hotels & catering comprises of three main sub-sectors; wholesaling, retail and hotels & restaurants. A more detailed analysis of ABI data reveals that the first two account for a higher share of jobs in Gateshead relative to the regional average, whilst the latter accounts for a lower share. NOTE – caution is urged when comparing ABI/BRES statistics across different timeframes, due to inconsistencies and changes in the approach to recording employment in particular sectors.

Figure 3.1 Employment Share by Sector



Source: Annual Business Inquiry / BRES

3.10 Over the period from 1998 to 2008, banking, finance & insurance was the Borough’s fastest growing sector (+5,373 employees, or +57.5%), although in absolute terms the growth in public administration and defence (+7,975 employees, or 48.7%) was greater. Strong growth was also observed in the construction (+38.7%) and distribution, hotels and restaurants (+9.6%). For all three sectors, the rate of growth observed locally was far greater than the national average (Appendix 3, Table 4a).

3.11 A number of sectors also experienced a contraction in employment levels within Gateshead over the period. The largest decrease was observed within the energy & water sector (-91.1%, albeit from a very low base). Manufacturing employment also fell (-21.2%) however, the decline was much less pronounced than the level experienced across Great Britain (-32.9%).

3.12 However, following the recession and the subsequent continued economic downturn, the number of employee jobs in the economy declined sharply from 2008-2010, by 7% (Appendix 3, Table 4b). This contraction in jobs was not felt uniformly across all sectors, with the manufacturing sector shrinking by 15% and the information and communication sectors by 25%. A number of employment sectors continued to grow over this period, with the financial, insurance real estate and professional services sectors growing collectively by 13%.

### Business Start Ups

3.13 Between 1994 and 2008, the number of VAT registered firms<sup>7</sup> in Gateshead

<sup>7</sup> Firms must be VAT registered if the value of their taxable supplies in the last 12 months or less has exceeded the current VAT registration threshold of £67,000, or if the value of their taxable supplies in the next 30 days alone is expected to exceed this threshold. Source: HM Revenue and Customs, VAT Notice 700/1

increased from 3,020 to 4,015. This represents a growth rate of 32.9% which is far higher than the rates observed for Tyne and Wear (22.9%) the North East (21.0%) and Great Britain (25.9%) over the same period and indicates a strong level of entrepreneurial activity within the Borough (Appendix 3, Table 5). An analysis of business births and deaths over the post-recessionary period of 2008 to 2010 shows Gateshead’s business community to be significantly less resilient than that of Great Britain as a whole. From 2008-2010 there was a 37% increase in business deaths in Gateshead compared to a 41% increase in Newcastle and 34% increase nationally. Business births in Gateshead decreased by 20% from 2008-2010, less than Newcastle at 21.62% but significantly more than Great Britain which saw business creation drop by 12%. (Appendix 3, Table 5b).

### Economic Activity

3.14

In line with the current national position and in response to the economic downturn, levels of claimant unemployment within Gateshead have increased in recent months. In January 2008, just 2.8% of the Borough’s working age population were claiming Job Seekers Allowance (JSA) compared to 5.4% in January 2012. At present, the prevailing rate of unemployment within Gateshead is broadly in line with the levels observed across the North East (5.6%) but higher than the national average of 4.0% (Appendix 3, Table 7). However, it can be seen from Figure 3.2 that levels of unemployment have generally remained below the regional averages over the previous decade and had been steadily declining until the onset of the recession.

Figure 3.2 Claimant Unemployment (% of working age population)



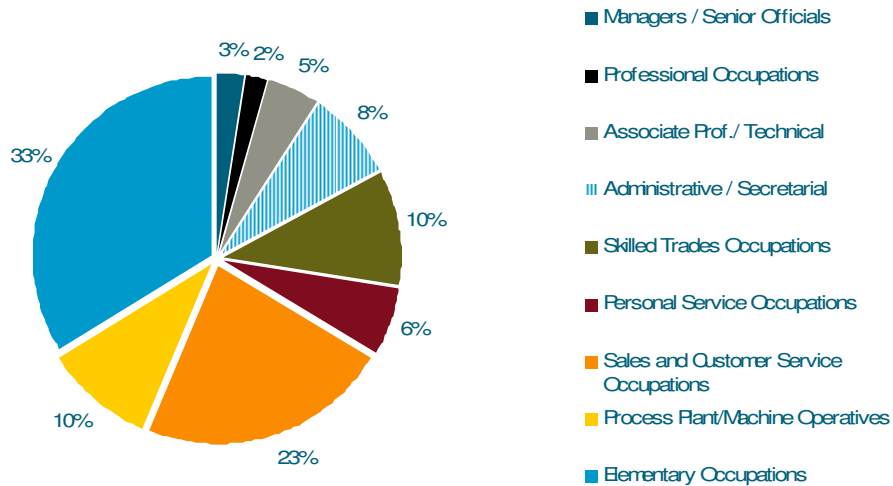
Source: ONS Claimant Count January 2012

- 3.15 February 2012 data shows that there were 9.0 claimant unemployed workers for every notified job centre vacancy in the Borough. This was lower than the ratio for the North East (9.3) but much higher than that of Great Britain (5.7) and indicates that the Borough's unemployed residents have comparatively poorer prospects of obtaining work in the local area, than elsewhere in the country (Appendix 3, Table 8).
- 3.16 Considering the proportion of JSA claimants in the economy does not, however, reflect the true level of worklessness in Gateshead. Indeed, DWP data for August 2011 indicates that 19.5% of the Borough's working-age population were claiming 'key out-of-work benefits (comprising job seekers, incapacity benefits, lone parents and others on income related benefits). This is above the national (14.8%) and regional (18.8%) percentages.
- 3.17 The profile of Gateshead's labour force shows in general terms, that the Borough has relatively fewer highly skilled occupations and more lower-skilled, manual jobs relative to the regional and national average. Managerial, professional and associate professional occupations, for instance, account for just 38.5% of Gateshead labour force compared to 43.2% nationally. At the same time, the proportion of the labour force comprising of lower skilled occupations<sup>8</sup> is 38% in comparison with 35% for Great Britain (Appendix 3, Table 10).
- 3.18 The bias toward lower skilled occupations within the labour force as discussed above is also reflected in the skills-base of the resident population. The proportion of working age residents with no qualifications is estimated at 16.8% for Gateshead, which is higher than the corresponding figures at the regional (13.0%) and national (11.3%) level (Appendix 3, Table 11). Additionally, just 22.9% of the Borough's working age population is qualified to degree level or above, which is below the levels recorded across the North East (25.5%) and Great Britain (31.3%). Clearly there will be a need to improve the skills base of the population if Gateshead is to attract more knowledge-based businesses.
- 3.19 An analysis of the types of jobs required indicates that the most sought occupations amongst claimant unemployed residents in Gateshead are elementary occupations (33.6%). Demand is also high for sales & customer service occupations (22.6%) skilled trades (10.4%) and process, plant & machinery operatives (9.7%). The proportion of claimant unemployed residents seeking jobs in elementary and sales & customer service occupations is below the regional percentage, whilst the proportion seeking employment in professional occupations is lower than across the North East (Appendix 3, Table 12).

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<sup>8</sup> This includes: elementary occupations; process, plant & machine operatives; sales & customer service occupations and personal service occupations.

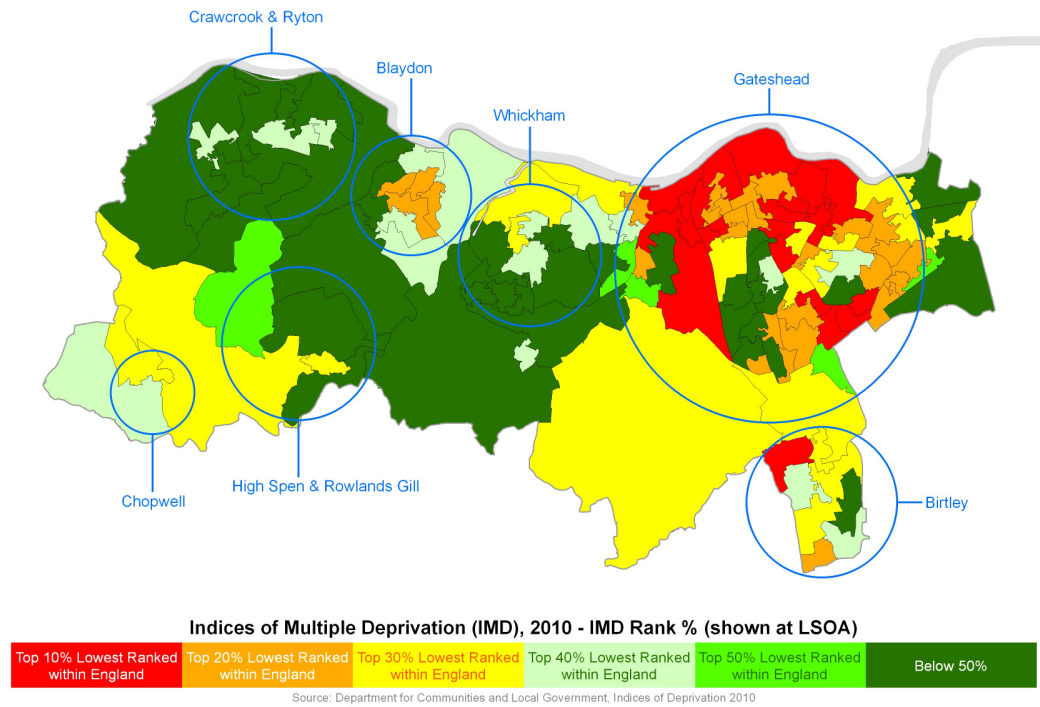
Figure 3.3 Sought Occupations of Claimant Unemployed in Gateshead



Source: DWP January 2012

- 3.20 Average weekly earnings of Gateshead’s working residents are similar to the corresponding figures for Tyne and Wear and North East and approximately 10% below the national average. Workplace earnings in the Borough are marginally higher at 6% below the national level. This figure is higher than the regional mean earnings indicating that there are more higher ‘value’ jobs in Gateshead than is the case regionally (Appendix 3, Table 13). The fact that the Borough’s resident-based mean earnings are lower than the workplace-based earnings indicates that the ‘value’ of jobs undertaken by the local population is lower than the ‘value’ of jobs available in the local authority area. The relatively low educational attainment of residents living in the Borough may be one reason for this.
- 3.21 Gateshead suffers from relatively high levels of deprivation, being ranked by the English Indices of Deprivation as the 43<sup>rd</sup> most deprived of 326 English local authorities (Appendix 3, Table 14). This places the Borough within the most 15% of deprived local authority areas. In 2007, it was the least deprived Borough in Tyne and Wear after North Tyneside; according to the 2010 update, it is now the most deprived authority in the sub-region after Newcastle City. Analysis at a more local level, as summarised in Figure 3.4 shows that high levels of deprivation are concentrated in the area covering much of Deckham, Felling, Bensham and Teams. Government policy specifically seeks to encourage sustainable economic growth by seeking to prioritise regeneration in those parts of the country with high levels of deprivation, hence proximity to deprived areas has been included as an appraisal criterion in the site analysis.

Figure 3.4 Deprivation Indices by Super Output Area



Source: ONS 2010

## Knowledge-based Industries

3.22

All industries are, to some extent, dependent on knowledge inputs. However, some industries rely more on ‘knowledge’ than others. The term ‘knowledge-based industries’ usually refers to those industries which are relatively intensive in their inputs of technology and/or human capital. Table 3.1 below shows that only 15% of firms within Gateshead operate in knowledge-based sectors. This is below the national (21.8%) and regional (16.9%) averages and is the lowest proportion of all of the Tyne and Wear Boroughs.

Table 3.1 Proportion of Knowledge-based Businesses

Borough	2010 (%)
Gateshead	15.0
Newcastle	22.2
North Tyneside	17.8
South Tyneside	15.2
Sunderland	15.4
North East	16.9
Great Britain	21.8

Source: UK Competitiveness Index 2010

## Commuting

3.23

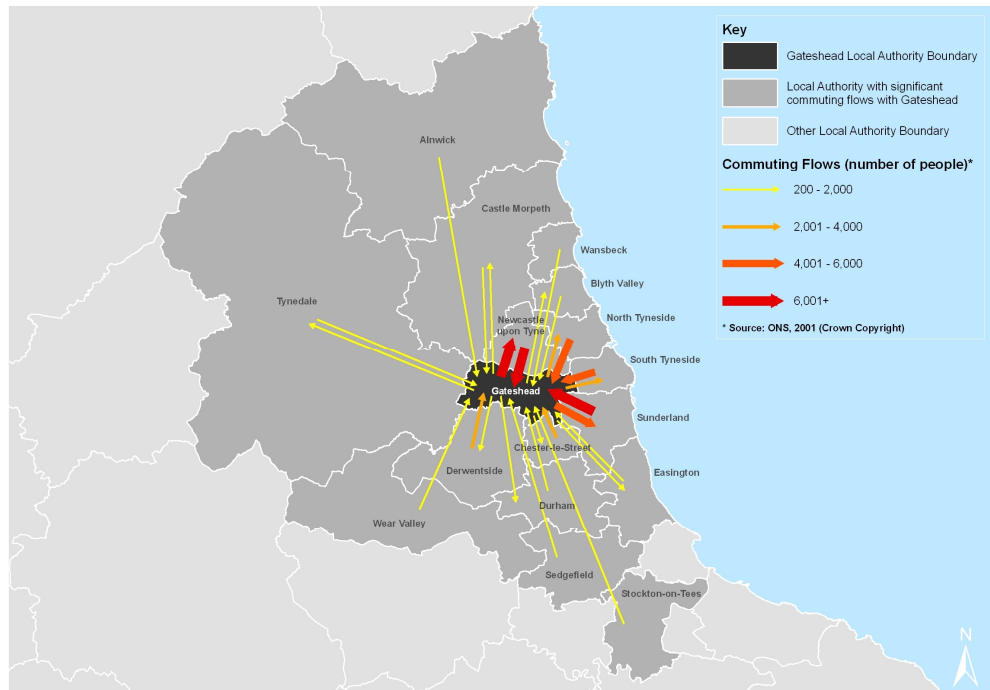
In 2001, approximately 35,480 Gateshead residents regularly travelled outside of the Borough to work elsewhere. The main destinations were the Tyne and Wear authorities and particularly Newcastle, the place of work for



almost a quarter (23.2%) of all Gateshead residents in employment (Appendix 3, Table 15). At the same time, approximately 41,450 residents of other Boroughs commuted into Gateshead to work – again predominantly from the other local authorities of Tyne and Wear – equivalent to almost half (48.9%) of all workplace jobs in the Borough being filled by non-residents. The travel-to-work flows discussed above yield a net inflow of around 5,970 workers.

3.24 An area’s self-containment rate reflects the proportion of those residents in employment that work locally, as opposed to commuting elsewhere. In 2001, Gateshead’s self-containment rate was a relatively low 55.0%. This rate is broadly in line with the levels observed in North Tyneside and South Tyneside but significantly lower than those in Newcastle and Sunderland.

Figure 3.5 Levels of Commuting to and from Gateshead Borough



Source: ONS Census Data 2001

## Conclusions

3.25 Gateshead is located at the heart of the Tyne and Wear conurbation, separated from Newcastle to the north by the River Tyne. Despite containing a large urban area, two thirds of the local authority area is classified as countryside. Economic activity within the Borough is currently focussed in a number of locations including:

- Team Valley;
- Gateshead Quays;
- Follingsby Industrial Estate;
- Metrocentre; and
- Gateshead Town Centre.

- 3.26 Prior to the recession, the local economy in Gateshead performed relatively well, recording strong increases in the size of the local business base and the total number of jobs in the Borough. This was driven by significant growth in sectors such as:
- Banking, finance & insurance;
  - Public administration, education & health;
  - Construction; and
  - Distribution, hotels & catering.
- 3.27 Since 2008, jobs in the economy have decreased by over 7%, a significantly higher rate than the regional and national figures. By sector, the manufacturing professional, scientific and technical sectors saw the largest contractions in terms of employees, although finance and insurance sectors have shown signs of continued growth despite the economic slowdown.
- 3.28 Table 3.2 provides a summary of Gateshead’s particular strengths, weaknesses, opportunities and threats. Many of these issues will have some bearing on the Borough’s future employment land requirements.

Table 3.2 SWOT analysis for Gateshead

Strengths	Weaknesses
<p>Excellent transport accessibility due to proximity to strategic road network, East Coast Mainline and Newcastle International Airport</p> <p>High growth rate pre-recession</p> <p>Strong recent growth in employment levels in the finance &amp; insurance, construction and health sectors</p> <p>Major concentrations of economic activity at established locations such as Team Valley and Metrocentre</p>	<p>Relatively low representation of employment in office-based sectors</p> <p>Low proportion of knowledge-based businesses</p> <p>Few highly skilled workers relative to the national average</p> <p>Poor educational attainment</p> <p>High levels of deprivation</p> <p>High proportion of the Borough’s working-age population claim key out-of-work benefits</p>
Opportunities	Threats
<p>Development of Baltic Business Quarter will provide prestige waterside office location</p> <p>Continued growth of Gateshead College and potential for local businesses to exploit the research specialisms of local colleges</p> <p>Opportunity to draw upon extensive pool of graduate labour from Newcastle, Northumbria and Durham universities</p> <p>Better economic and strategic links with Newcastle upon Tyne</p>	<p>Competition for office demand from Newcastle</p> <p>Strength in manufacturing could be threatened in future by low cost economies globally</p> <p>Further reductions in public spending could undermine growth in some sectors</p>

Source: NLP Analysis

## 4.0 The Current Stock of Employment Space

### Introduction

4.1 This section provides an overview of the current stock of employment space in the Borough, as well as recent trends in and changes to supply. The future pipeline of development in Gateshead and historic losses of employment land to alternate uses are also examined. Additionally, the current and emerging supply of stock in the remaining Tyne and Wear authorities is reviewed.

4.2 The analysis contained within this section draws upon the following data sources:

- Commercial floorspace data from the Valuation Office Agency (VOA);
- Gateshead Council's monitoring data on employment development; and
- Commercial property databases including FOCUS and the North East Business Space database.

### Main Employment Areas

4.3 The main existing employment areas within Gateshead are:

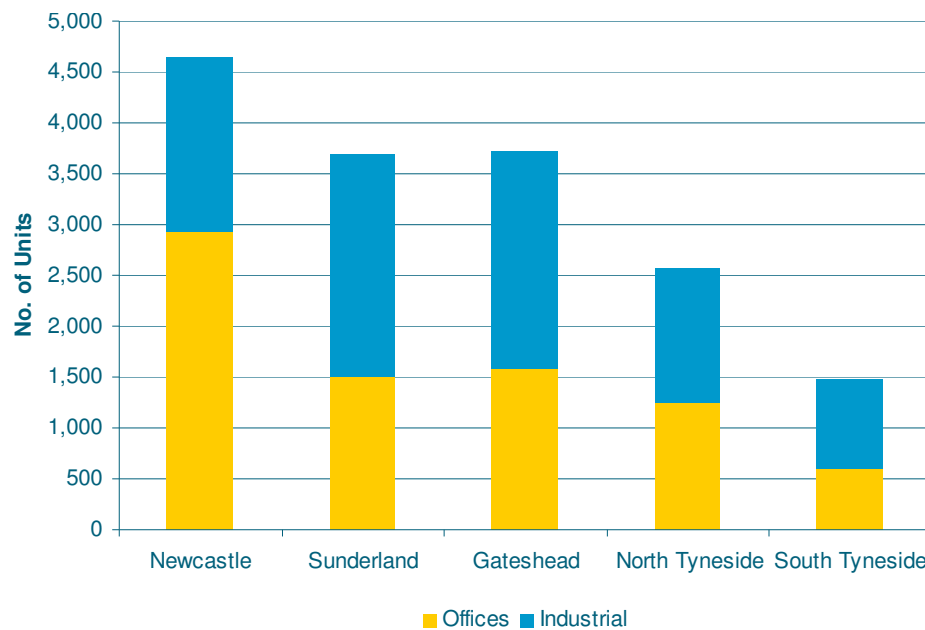
- Gateshead Town Centre, which historically served as the principal office location of the Borough. Consequently, the stock of offices is characterised by a mix of large terraced buildings dating back to the late 19<sup>th</sup>/early 20<sup>th</sup> Century, purpose built tower blocks from the 1960s/70s and units above shops;
- New supply is emerging at Gateshead Quayside with the development of the NewcastleGateshead Central Business District. This builds upon the regeneration of Gateshead Quays and the success of Newcastle Quayside's office market;
- Metro Riverside Park, a large business park development comprising primarily of office accommodation in close proximity to the Metrocentre;
- The Team Valley Trading Estate, which comprises a range of manufacturing, and distribution/warehousing uses as well as a growing number of office based activities. At 290ha and employing approximately 18,000 people, it is the largest single employment location in Tyne and Wear;
- Follingsby Park, which provides modern premises for light industrial/distribution uses on the eastern edge of Heworth/Pelaw; and
- Significant areas of industrial activity in Felling and Birtley.

## Stock of Employment Floorspace

4.4 The number of industrial and offices premises in Gateshead and the surrounding authorities in Tyne and Wear is summarised in Figure 4.1. From this, it can be seen that the Borough contains fewer employment premises than both Newcastle but more than either South Tyneside, Sunderland and North Tyneside. The graph also shows that Gateshead contains far more industrial premises (2,143) than offices (1,579) reflecting the importance of locations such as Team Valley to the local economy.

4.5 Office space share in Tyne and Wear is dominated by Newcastle. Gateshead however has the second highest number of office units in Tyne and Wear (although it is a distant 4<sup>th</sup> in terms of office floor space). An analysis of the distribution of stock within the Borough illustrates the dominance of Gateshead Town Centre and Team Valley with respect to the local office market. Indeed, the two locations taken together comprise around half of all office units in the local authority.

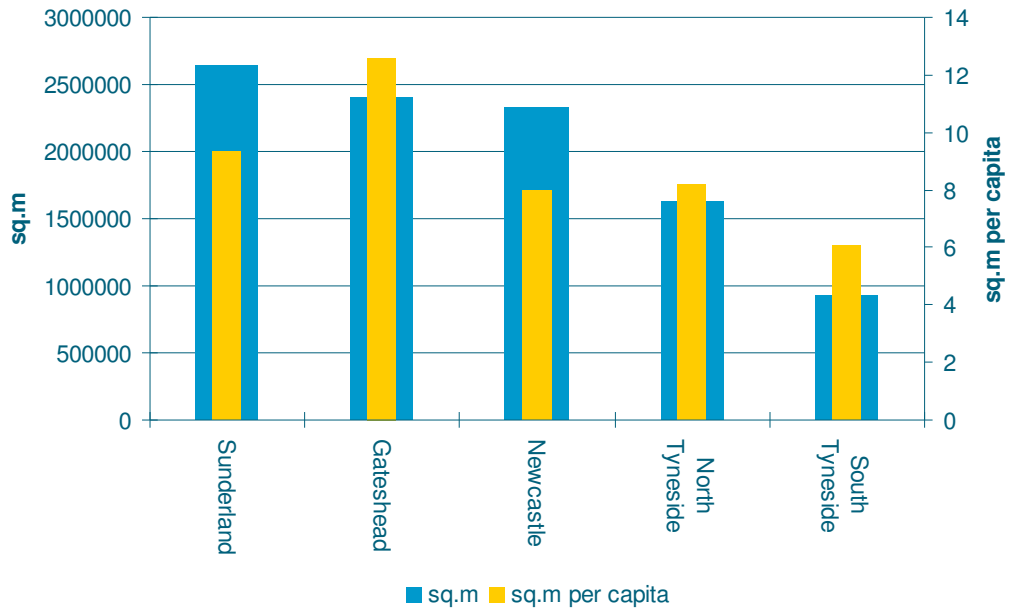
Figure 4.1 Number of Employment Premises 2012



Source: VOA

4.6 Figure 4.2 summarises the total stock of industrial and office floorspace within Gateshead and the neighbouring authorities of Tyne and Wear. This highlights that, with almost 2.5 million sq.m of employment space, the Borough contains more floorspace than Newcastle, North Tyneside and South Tyneside. Furthermore, benchmarking the level of floorspace against the population of each area illustrates that Gateshead has the highest level of employment space per capita (12.5sq.m for every resident) in Tyne and Wear.

Figure 4.2 B-Class Employment Floorspace

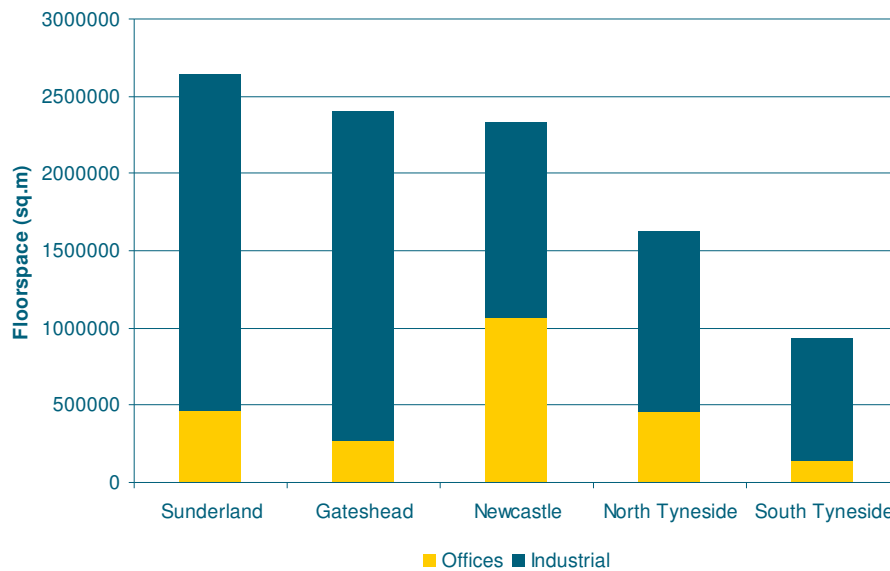


Source: VOA

4.7

Figure 4.3 illustrates the level of floorspace in Gateshead and the surrounding authorities accounted for by different employment uses. This shows that the overwhelming majority of floorspace in the Borough is classified as industrial rather than office. Indeed, whilst Gateshead contains the second largest stock of industrial space in Tyne and Wear (2.13 million sq.m) it contains the second smallest amount of office accommodation (271,600sq.m). The importance of Newcastle as a major office location is also highlighted.

Figure 4.3 Employment Floorspace by Type



Source: VOA

4.8

Table 4.1 examines the change in Gateshead’s stock of employment space, by type, over the period 1998-2012. This shows that the Borough’s total

stock of employment floorspace grew by 231,074sq.m, an increase of 10.6%. This rate of growth was far lower than that observed in Sunderland (33.2%) and North Tyneside (25.7%). The lowest rate of growth was recorded in Newcastle (7.5%).

- 4.9 It is interesting, if perhaps unsurprising, to note that office floorspace grew at a faster rate than industrial across all five authorities showing a move away from traditional industrial sectors towards service sectors typically located in office accommodation. In Gateshead, for instance, office floorspace increased by 81% (121,600sq.m) over the period, whilst the proportionate increase in industrial space equated to just 5% (109,474sq.m).

Table 4.1 Change in Employment Floorspace (1998-2012)

	Offices		Industrial		Total	
	sq.m	%	sq.m	%	sq.m	%
Gateshead	121,600	81	109,474	5	231,074	10.6
Newcastle	399,857	60	-236,937	-16	162,920	7.5
North Tyneside	351,495	329	-19,929	-2	331,566	25.7
South Tyneside	91,853	200	-7,513	-1	84,340	9.9
Sunderland	331,045	240	326,248	18	657,293	33.2

Source: VOA

## Emerging Supply of Employment Space

- 4.10 An analysis of Gateshead's development pipeline can also help to understand the projected future supply of employment space. The study team have taken data provided by Gateshead Council detailing applications received by Development Control and separated this out for industrial and office proposals. It should also be noted that for the purposes of this analysis, applications for extensions or changes of use have been ignored. The list is at Appendix 12.
- 4.11 Excluding extensions and changes of use, there are twelve proposals for new industrial development equating to 13.84 hectares.
- 4.12 Some of these consents were granted several years ago and may not now be implemented. Proposals for bespoke premises may be resurrected as and when the occupier is in a position to proceed and speculative schemes may be built out in phases. Take-up of land for industrial development is expected to be low for the foreseeable future.

## Property Availability/Vacancy Levels

- 4.13 It can be seen from Table 4.2 that approximately 16% of all commercial property in Gateshead is currently vacant; exceeding the rates recorded elsewhere in Newcastle, Sunderland and South Tyneside. This is above the

9/10% vacancy rate that is typical of a normal market and even given the current economic conditions suggests an oversupply of premises within the Borough.

Table 4.2 Commercial Property Vacancy

Borough	Vacancy Rate (%)		
	Offices	Industrial	Total
Gateshead	20	13	16
Newcastle	18	3	10
North Tyneside	31	9	16
South Tyneside	19	11	12
Sunderland	11	13	13

Source: North East Business Space, March 2012

- 4.14 The table also demonstrates that this oversupply is most acute within the office market, where 1 in 5 premises are currently vacant. Vacancy rates for office premises are highest in Team Valley (33% of stock), Gateshead Town Centre (28%) and East Gateshead (21%). At Gateshead Town Centre, a large number of vacant units are contained within 1960's tower blocks such as Tyne Bridge Tower and the Tynegate Precinct, which is skewing the picture to an extent. Furthermore new developments at Gateshead Quays and Baltic Business Quarter which had insufficient opportunity to find occupiers before the market downturn are also currently lying empty.
- 4.15 An analysis of the age profile of the Borough's vacant units indicates that Gateshead has a disproportionately large number of vacant units which are aged between 20 and 50 years old. In comparison, relatively low levels of vacancy are observed in units built since 1990.
- 4.16 Levels of vacancy are far lower with respect to the industrial market in Gateshead. 13% of premises are currently vacant indicating that, across the market as a whole; demand and supply are broadly in equilibrium. An assessment of the stock of vacant units in the Borough by size highlights that the oversupply of premises is most pronounced amongst units of 20,000 to 75,000sq ft (approximately 1,860 to 6,970sq.m).

## Development Rates

- 4.17 GMBC collates data on the development of employment land for Annual Monitoring purposes. The Annual Monitoring Reports cite land areas derived from the boundary of the Application Site and include types of development that would not normally be defined as take-up. Storeys Edward Symmons has reviewed all sites that have been identified as development over the twelve year period 2000-01 to 2011-12. There were 112 sites in all.
- 4.18 We have adopted a definition of take-up that has been tested at planning inquiries where Storeys Edward Symmons has given expert evidence on economic development and employment land. This identifies those

developments for employment use that result in a reduction in the supply of employment land. As such it can be used to estimate the number of years that it would take to consume available employment land (the implied supply).

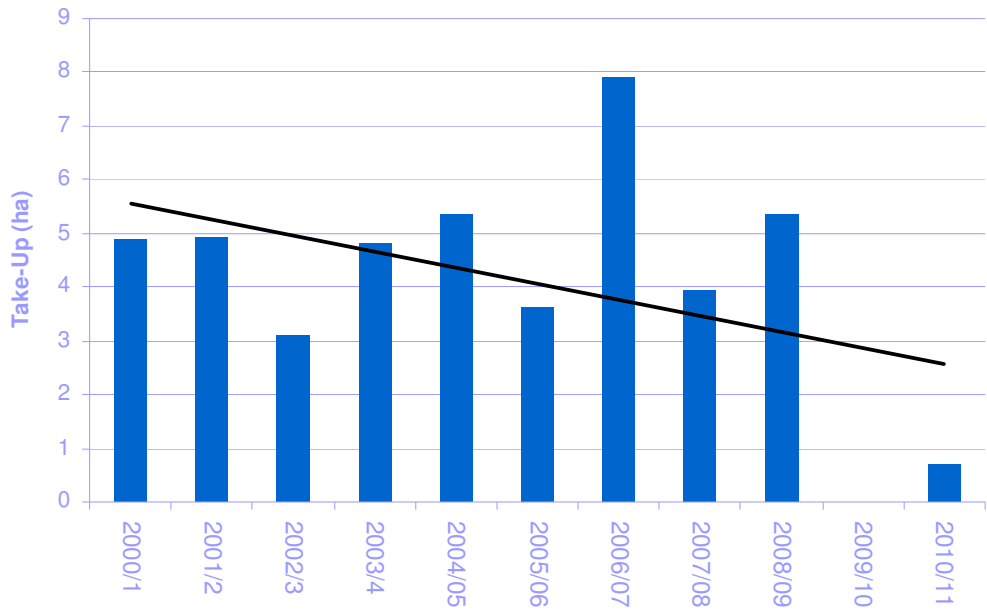
- 4.19 Take-up is defined as the development or first occupation of a site. Take-up occurs at the point at which construction of a building commences (the point at which it can no longer be regarded as an available development site). Where a developer builds out employment premises in separate phases (as opposed to a continuous rolling programme), take-up occurs at the start of each phase.
- 4.20 Take-up excludes (a) extensions of existing premises unless they occur on land outside the curtilage of the existing site and (b) changes of use<sup>9</sup>. The extent of take-up typically accords with the area of land that a developer would have to acquire for the purposes of the development. This may not equate to the boundary of a development for the purposes of a planning application.
- 4.21 The re-assessment of the development sites that have been identified by GMBC establishes that there has been **47.50 hectares of land taken-up** for employment purposes over the twelve year period 2000-12 (see Appendix 12). This equates to a gross average take-up of **3.96 hectares per annum**. Notwithstanding the fluctuations illustrated in Figure 4.4, the linear trend line shown on the graph indicates that the average annual rate of development observed within Gateshead has tracked economic growth. Annual take-up peaked in 2006-07 and fell sharply in 2008-09, since when very little development activity has occurred.

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<sup>9</sup> Where buildings are demolished and the site is redeveloped, this constitutes take-up. But where an occupier rebuilds part of his premises with the intention of re-occupying them, the site does not become available to the market, and thus no take-up occurs. In measuring take-up we exclude public roads and footpaths, but where a developer builds a series of units around a common service yard or with dedicated parking areas, accessed from spur roads, these are included. Where an estate is laid out with landscaped strips along estate roads, these are excluded, whereas areas of landscaping within a development plot are included.



Figure 4.4 Gross Completions

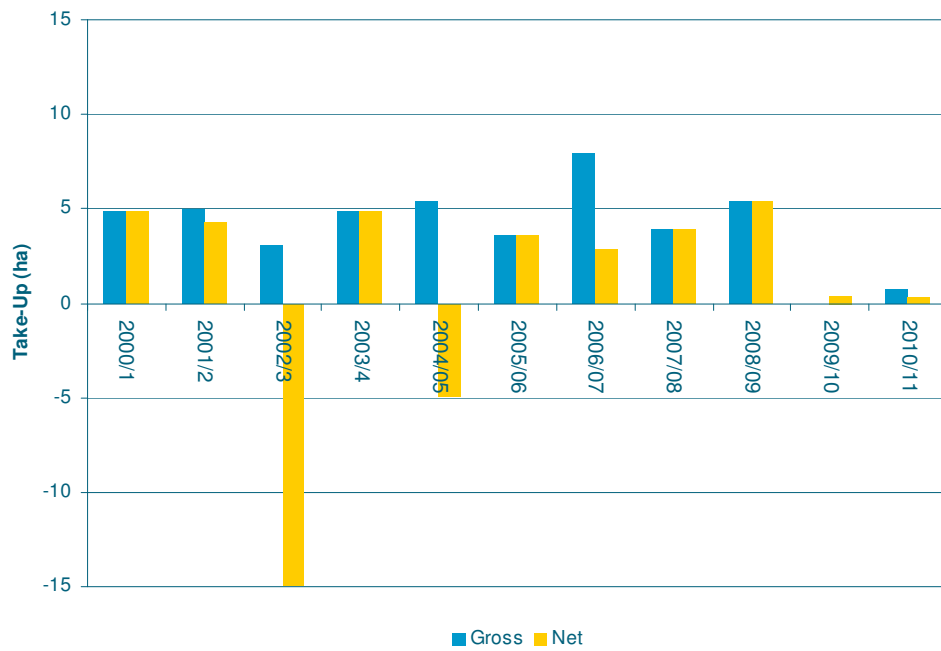


Source: Gateshead Council/ Storeys Edward Symmons

4.22

As in most areas, the net take-up of employment land in Gateshead has been lower than the gross figures discussed above. Taking account of any losses of employment space recorded over the same period, Figure 4.5 provides a summary of net take-up. The graph clearly shows that significant fluctuations in the level of net take-up have also been observed, with annual figures ranging from a low of -14.9ha in 2002/03 to a high of 5.3ha in 2008/09. Total net take-up over the 11 year period is estimated to have equalled just 10.6ha.

Figure 4.5 Gross and Net Completions



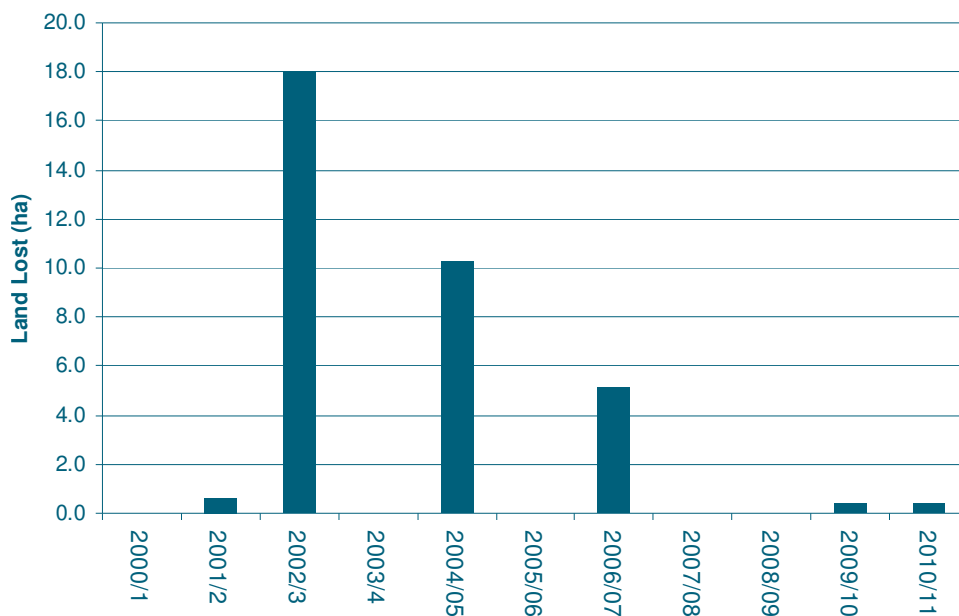
Source: Gateshead Council / Storeys Edward Symmons

## Losses of Employment Land

4.23 Based upon a similarly detailed analysis by Storeys Edward Symmons of data provided by Gateshead Council, Figure 4.6 provides a summary of the annual losses of employment land to alternate uses between 2000/01 and 2011/12. Over this period, the Borough lost a total of 35.91ha of employment land, equating to 2.99ha per annum. It is interesting to note that more than half of total losses over the period (18ha) were recorded in 2002/03. Given the average levels of take-up discussed in the preceding paragraphs, the losses of employment land experienced in Gateshead are considered to be moderate.

4.24 It should be noted that no data is available regarding the previous use class of those employment sites lost to alternate uses.

Figure 4.6 Employment Land Lost to Other Uses



Source: Gateshead Council/ Storeys Edward Symmons

## Age of Premises

4.25 A broad indication of the age profile of Gateshead's stock of employment space is provided in Table 4.3. This illustrates that the Borough contains a higher proportion of older stock, with 56.7% of premises built prior to 1971. This compares with a figure of just 48.3% across the North East and 50.8% nationally. Interestingly, however, the local authority area also contains a relatively high proportion of more modern stock. Indeed, 14.7% of premises have been developed since 1991; a figure that is above the regional average (13.0%) and broadly in line with national levels (15.3%).

4.26 Additionally, the table demonstrates a number of variations between the use classes. For instance, the Borough's stock of factory space is dominated by older premises, with almost three quarters developed before 1971. The office and warehousing markets, however, contain a higher proportion of

modern premises. In both instances, more than one fifth of stock has been built out since 1991.

Table 4.3 Age of Premises in Gateshead

	Pre 1940	1940-70	1971-80	1981-90	1991-2000	2001+	Unknown
Offices	19.2%	22.0%	4.8%	15.2%	20.1%	N/A	N/A
Factories	25.1%	47.3%	9.0%	10.7%	5.1%	N/A	N/A
Warehouses	7.6%	41.3%	13.4%	11.7%	21.2%	N/A	N/A
All Types	19.2%	37.5%	9.4%	16.8%	12.6%	2.1%	2.4%
North East	18.7%	29.6%	15.0%	13.0%	10.9%	2.1%	10.7%
England & Wales	25.6%	25.2%	13.3%	14.7%	11.8%	3.5%	5.9%

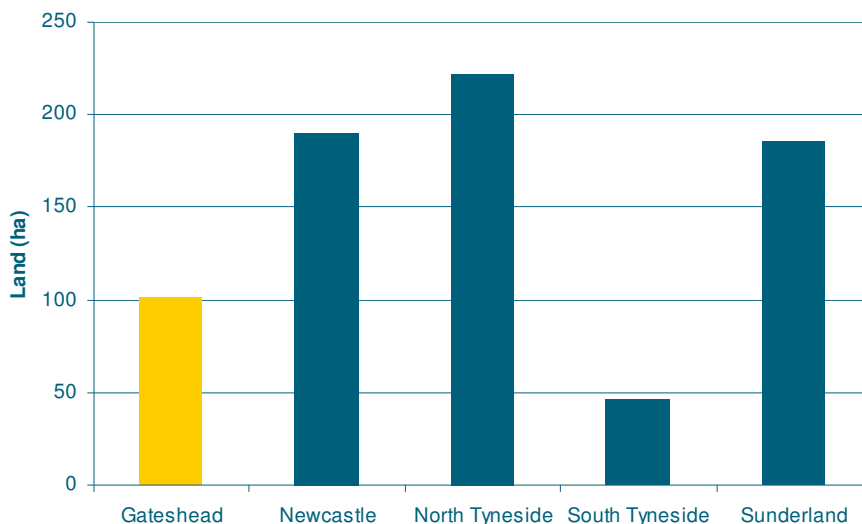
Source: CLG Planning Statistics 2005

## Available Employment Land

4.27 Gateshead’s Annual Monitoring Report (2010/11) indicates that the Borough has an estimated 101 ha of available employment land. This figure is based upon the allocated employment sites within the UDP 2007 and sites with planning permission since 2003 until the end of March 2011.

4.28 Figure 4.7 illustrates how the availability of employment land in Gateshead for the monitoring year 2010/11 compares with that of the remaining Tyne and Wear authorities. This shows that North Tyneside has more than twice as much available land, whilst Newcastle and Sunderland also have larger portfolios of employment land than the Borough.

Figure 4.7 Total Employment Land (ha) Available



Source: Annual Monitoring Reports 2010/11

## Employment Space in Adjoining Areas

4.29 It is also important to understand the extent and types of available employment land in nearby authorities, as well as any major new economic

development coming forward that could impact upon the Borough's employment portfolio. A brief review has been undertaken by GMBC Officers of the current employment land position in each of the adjoining areas and is set out below.

- 4.30 **Newcastle upon Tyne** lies immediately north of Gateshead. The city is the regional capital and a key driver of the North East economy. Consequently, demand for office premises, particularly within the city centre, is high. However, supply in the city centre is constrained due to the compact nature of the centre, as well as competing demand for retail, leisure and residential space. As a result, supply has at times struggled to meet demand, which has provided the rationale for out-of-centre developments both in Newcastle and the surrounding authorities.
- 4.31 Within Newcastle, the most recent out-of-centre office developments have taken place at locations such as the Newburn Riverside, Newcastle Great Park and Newcastle Business Park.
- 4.32 Newcastle City Council is currently in the process of updating an Employment Land Review (ELR) for the local authority area for portfolio of employment land for 2010-2030. The Council has revised the economic scenarios in line with Gateshead's updated ELR. Consideration is being given to the re-allocation of employment land at Great Park and Newburn Riverside for housing. This would suggest that the quantity of employment land supplied in Newcastle will be balance with projected demand.
- 4.33 **North Tyneside** lies to the north east of Gateshead and is bounded by the River Tyne to the south and the North Sea to the east. The District's ELR published February 2009 highlights that demand for offices within North Tyneside is reasonable and is driven by '*a lack of good quality freehold premises in Newcastle city centre*'. The District's key office locations are Cobalt Business Park (which will be the UK's largest business park upon completion), Balliol Business Park and Royal Quays at North Shields. All three locations were Enterprise Zones that have been developed as out-of-town business parks and have been successful in attracting inward investment to North Tyneside.
- 4.34 However, the ELR indicates that the market for industrial premises is primarily focused upon local demand, although the District's stock does help to service some of Newcastle's needs also. Key industrial locations within North Tyneside include the Tyne Tunnel Industrial Estate, West Chirton Industrial Estate and New York Industrial Estate.
- 4.35 247ha of undeveloped, allocated employment land was identified by the ELR, although the study suggests that land considered unlikely to be developed for employment purposes should be removed from the portfolio. This reduces availability to 198ha. In terms of demand, the ELR concludes (on the basis of amending past take-up rates and projecting them forward) that requires 197ha of land over the period to 2020/21. This figure

comprises of a 10ha per annum, in addition to a further 34ha to meet the area's growth aspirations and a buffer of 23ha for contingency purposes. Based upon this analysis, the ELR concludes that North Tyneside has sufficient land available to meet expected demand.

- 4.36 The 2009 ELR informed the Core Strategy Preferred Options (Summer 2010) and further consultation on growth options in October 2011. The preferred option for economic growth was to accommodate 180ha of employment land for industry and business supporting up to 14,000 more jobs with additional growth from the riverside Enterprise Zone. The Enterprise Zone includes 18ha at Neptune Yard suitable for marine sectors and 39ha at Port of Tyne North Estate with potential from investment from the offshore wind and renewables sector.
- 4.37 **South Tyneside** adjoins the eastern boundary of Gateshead. The Borough's ELR was completed in June 2011, and identifies a range of growth scenarios with the recommendation that South Tyneside requires 42ha of employment land over the next 15 years, rising to 70ha over a 25 year period. The Borough's completed Local Development Framework allocates an employment land portfolio of between 34-64ha to contribute towards this need.
- 4.38 The ELR considered that the Borough's employment land portfolio more realistically comprised around 34ha and contained only a four year supply of readily available land. The ELR assesses the potential that Green Belt sites could make towards filling any potential gaps in provision, but does not make any specific recommendations as it is mindful that the Borough's employment land requirements and subsequent decisions on the need to review Green Belt boundaries must be made through a review of the Local Plan (expected to formally commence in late summer 2012).
- 4.39 The former Wardley Colliery disposal point, a 54.7ha site located to the west of South Tyneside (on the boundary with Gateshead) is considered within the ELR to offer good potential for an employment land allocation, subject to Green Belt, biodiversity, geodiversity and landscape considerations.
- 4.40 South Tyneside has the smallest stock of employment premises among the Tyne and Wear authorities, and office premises account for only 13% of total floorspace. Over half of the Borough's total office floorspace is located in South Shields town centre or elsewhere in the town. High vacancy rates of office units (16%) indicate a substantial level of oversupply in certain size thresholds. The economic downturn is considered to have had a negative impact on private sector speculative office development in South Tyneside.
- 4.41 **Sunderland** is located immediately to the south east of Gateshead and bounded to the east by the North Sea. The City's ELR was published in September 2009, identifies a need for 69ha of employment land between 2008 and 2026. This is distributed relatively evenly between office demand (33ha) and demand for industrial/warehousing land (36ha). The ELR

estimates that Sunderland's current supply of employment land is approximately 198ha, which clearly represents an oversupply in crude terms.

- 4.42 In terms of future supply of office stock, the ELR highlights that the Central Sunderland mixed-use regeneration sites area the most important in policy terms. The sites total approximately 19ha of land and are therefore likely to be insufficient to accommodate all of the demand over the period, although non-Central Sunderland sites such as Rainton Bridge are expected to be able to provide accommodation for non- City Centre requirements.
- 4.43 With respect to industrial and warehousing land, the ELR acknowledges that an initial comparison of supply against demand indicates there will be an oversupply of 184ha to 2026. However, in practical terms, the picture is complicated by the fact that a significant number of sites are constrained or small (under 4ha). It is estimated that only 55ha of land is on unconstrained sites of greater than 4ha. The document also identifies that there is a perceived shortage of strategic land for industrial/warehousing in Washington and that in the long term there could be a need to release a site of approximately 30-40ha.
- 4.44 Since the ELR was prepared, the Council has published the Sunderland Economic Masterplan for the next 15 years. The economy is anticipated to be driven through the renewable energy and low carbon industries supported through links with Nissan, the port and Low Carbon Economic Area. It is hoped that Sunderland University will support the knowledge based economy and link with enhancement of a river fronted city centre with continued emphasis on mixed use development and diversification. A further range of employment projections are being prepared that take account of the more optimistic growth assumptions of the economic masterplan. These are expected to be translated into higher quantitative employment land requirements with their ELR update.
- 4.45 In addition, since the 2009 ELR was prepared, two key strategic policy changes have occurred:
- 1 North of Nissan Strategic Site has been identified. This is 20ha potential Green Belt release site for a range B1, B2 and B8 uses. It is currently unclear whether any policy restrictions would be applied and there may be potential for business park uses.
  - 2 Low Carbon Enterprise Zone was designated in 2011. This is made of 42ha of existing allocated employment land which is anticipated to be covered by Local Development Orders. Four of the five sites are located within the Nissan compound. This physical proximity means it is likely that these sites will be developed for uses which specifically relate to the automotive/electric vehicles or battery technologies. Turbine Business Park to the south of Nissan has permission for a mixed use development with potential to accommodate low carbon and advanced manufacturing industries.

- 4.46 **County Durham** Draft ELR was completed in November 2011. Further iterations are expected to be made by the end April 2012. The Draft ELR recommends delivery of 19,000 net new jobs over the Local Plan period based on 75% rate of employment utilising St Chad's employment projections. In employment land terms, it is anticipated that the County will require 350-400ha to meet demand to 2030. County Durham has a substantial amount of existing employment land (894ha across 155 sites) and there is a spatial imbalance in the distribution of the supply and demand. The ELR recommends a future portfolio of employment land of a minimum 61 sites totalling 380-400ha, subject to additional allocations in Durham City and the A19 Corridor.
- 4.47 The A1 Corridor would continue to provide substantial office provision focused at NetPark (Sedgefield), Durham Green off Durham City at Belmont and Durham Gate mixed use development at Spennymoor. The specialist strategic allocations at Heighington Lane, NETPark and Tursdale are also recommended to be retained although not as part of the general supply. Tursdale provides 186ha of distribution land for a regional freight facility at intersection of the ECML and A1 and A688 junction.
- 4.48 A19 Corridor is recommended to provide the focus for industrial activity and with only small office units, contributing 82ha to the supply.
- 4.49 Durham City and its locality experiences a shortage of supply with projected demand of 70-80ha. Durham City is recognised as the premier office location, although it lacks speculative office development market. Aykley Heads has been identified as future strategically important office location and has been subject to Green Belt Review and masterplanning. New allocations totalling 5.03ha have been identified in city centre sites plus Aykley Heads. Further allocations totalling 20-30ha will also be required and a number options for increasing the supply are identified: sites within Durham City, an extension to Meadowfield employment area or the Arnison Centre.
- 4.50 Consett and the surrounding areas experiences significant over supply only 35-40 ha is required. To the north of the Chester-le-Street, the consolidation of BOC Vigo Lane site could be bringing forward residential uses.
- 4.51 **Northumberland County Council's** ELR was completed in January 2011. The review identifies a range of between 293-316ha (gross) employment land as appropriate to meet demand to 2030. This range is considered to accommodate Northumberland's potential for job growth in land-hungry sectors such as renewables, whilst factoring in the uncertainty of the ongoing recession and the strongly negative growth in residents of working age forecast for the County over the coming years (ONS projections indicate a reduction of around 15,300 residents of working age by 2030).
- 4.52 The ELR sets out three broad socio-economic 'Key Service Areas' in the County: South East (the dominant commercial area due to proximity to

Tyneside), North, and West. The West service area borders Gateshead's western boundary, and is considered to have strengths in heritage, tourism and leisure. The commercial and industrial market of this area is primarily focussed around the Tyne Valley area, with other settlements typically being less accessible.

- 4.53 The review notes that Northumberland has not been considered as being a significant office market, and despite some recent growth, per capita provision of office floorspace is lower than any of the surrounding authority areas.
- 4.54 A detailed assessment of the County's committed employment sites suggests around 137.6ha (relating to 21 sites) could be de-allocated from the existing portfolio. This would leave a forward supply of 229.62ha. Based on the identified requirement, this suggests a quantitative demand for 64-87ha of new employment land in the County to 2030.
- 4.55 32 potential sites were considered across the County. A potential 7ha B1 allocation at the mixed-use Prudhoe Hospital site, and further allocations in west Prudhoe, subject to a Green Belt review.
- 4.56 Northumberland County Council is in the process of preparing an Issues and Options consultation report for the County's Core Strategy. The consultation report will highlight issues identified through evidence base preparation, including recommendations from the Employment Land Review, where appropriate.

## Conclusions

- Gateshead has almost 2.5 million sq.m of employment floorspace, which, within Tyne and Wear, is second only to Sunderland. The Borough has the sub-region's largest stock of floorspace in per capita terms.
- The overwhelming majority of Gateshead's employment space is industrial (89%). Office uses account for just 11% of floorspace, the lowest proportion in Tyne and Wear. Since 2008 office floorspace has increased as a proportion of overall employment floorspace by 3%.
- Over the period 1998-2012, Gateshead experienced a net increase of 231,074 sq.m of employment space, equivalent to growth of 10.6%. This was driven by increases in office and industrial floorspace, although a greater rate of change was recorded in the office market. The growth of employment space has continued through the post recessionary period 2008-2012.
- Gross take-up of employment land has averaged 3.96ha per annum since 2000/01. Over each of the last four years annual take-up has been well below average. Over the same time period, an average of 2.99ha of employment land has also been lost to alternative uses.



- The amount of employment land available in Gateshead is less than half the levels of availability recorded in North Tyneside. Sunderland and Newcastle also contain more available land than Gateshead. Based upon the five year average take up (2006/07-2010/11) of 3.6ha per annum, the 101ha of available land is estimated to equate to a 28 year supply.
- It is estimated that around 14% of Gateshead's employment stock is currently vacant. Even allowing for the current economic difficulties, this suggests an oversupply. Whilst demand and supply of industrial premises appear to be broadly in equilibrium, 1 in 3 office units are currently vacant.
- An analysis of the age profile of Gateshead's stock indicates that the Borough contains a relatively large proportion of older units. This issue is particularly acute with respect to factory units, with almost three quarters of units developed before 1971.

## 5.0 Economic Potential and Growth Sectors

5.1 This section assesses the future economic growth potential of Gateshead and seeks to identify the industrial sectors likely to drive this growth. The analysis draws upon the findings of the preceding sections.

### Context

5.2 Consideration of Gateshead's future economic role draws on the earlier analysis of the area's existing strengths and limitations. The current competitive advantages of the Borough, which could help shape its future economic role have been identified as:

- Excellent transport accessibility as a result of Gateshead's proximity to the strategic road network, the East Coast Mainline and Newcastle International Airport;
- Pre-recession, the local business base experienced strong growth; however this has been significantly weakened in recent years, with an overall contraction in the economy, significantly higher than regionally or nationally;
- Since 2008, total employment in the Borough has fallen, driven by significant decreases in manufacturing and banking and finance;
- The Borough contains major concentrations of economic activity at established, successful locations such as Team Valley and Metrocentre;
- Gateshead is located in close proximity to a number of excellent higher and further education institutions, which provide the opportunity for the business base to capitalise upon their research specialisms and source graduate labour; and
- The development of Baltic Business Quarter will provide the Borough with a prestige waterside office location that could help to increase demand from high value office users.

5.3 The weaknesses of and potential threats to the local economy include:

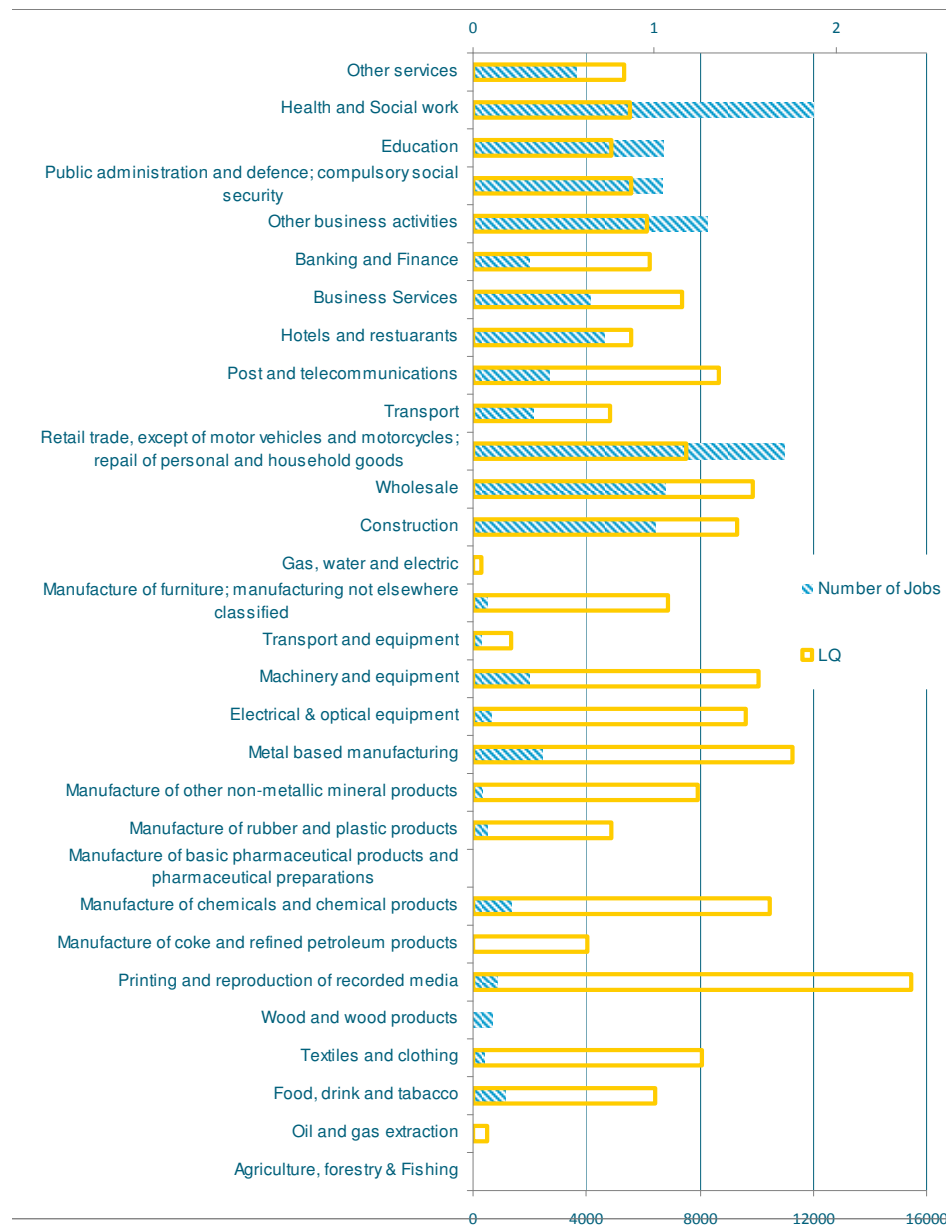
- The unprecedented economic downturn and over-reliance on public sector jobs;
- A current under-representation of employment in office-based sectors;
- The Borough's business base contains a low proportion of firms operating in knowledge-based industries;
- The Borough has relatively few highly skilled workers in comparison with the national average and poor levels of educational attainment;
- Levels of deprivation are high, with particular concentrations in the area covering Deckham, Felling, Bensham and Teams;
- The Borough faces competition from Newcastle, particularly with respect to the office market;

- Gateshead's current strength in manufacturing could be threatened in future by low cost economies, whilst the recession has also had an impact by hastening structural change; and
- Development in parts of the Borough, particularly Team Valley, is currently constrained by capacity issues with respect to the A1.

## Future Potential

- 5.4 In order to identify the economic potential of Gateshead, it is important to consider which industrial sectors are best placed to drive future growth. This is informed by an understanding of which sectors are under or over-represented in terms of local employment and their recent growth performance.
- 5.5 Figure 5.1 assesses the Borough's current sectoral strengths through the use of location quotients, which measure the concentration of employment in an industry at the local authority level relative to the regional average. Location quotients are shown using blue hatched bars, with anything above 1.0 denoting a higher local representation of a sector relative to the North East average and anything below 1.0 signifying an under-representation. The blue hatched bar is from 1.0, the greater the extent of over or under-representation. Additionally, the orange bars show the absolute level of employment within Gateshead accounted for each sector.
- 5.6 The graph shows that no sector has a location quotient above 2.4, indicating that Gateshead does not have an overwhelming over-representation in any particular sector. It can, however, be seen that the Borough has a modest over-representation in a varied range of sectors. This includes some comparatively advanced, high value manufacturing sectors such as electrical & optical equipment and machinery & equipment, as well as some more traditional, lower value manufacturing sectors such as metals chemical products. The over-representation of these sectors within the local employment structure is an indication that Gateshead offers some competitive advantage to these sectors that enables them to flourish by locating within the Borough.
- 5.7 Gateshead has a higher representation than the regional average in a number of service sectors, such as in telecommunications, business services and retail. This indicates that, within the regional context, the Borough has been relatively successful in making the transition to a service-oriented economy, although there is still further progress to be made. High value sectors such as finance and banking and services linked to business are represented equally at the local scale as they are regionally.

Figure 5.1 Location Quotients of Economic Sectors in Gateshead



Source: NLP analysis. Based upon BRES data (2010)

5.8 Figure 5.2 shows the relative representation of sectors in Gateshead as well as levels of employment change over the period 1998 to 2010. Additionally, the relative size of the ‘bubble’ for each sector represents the level of absolute employment within Gateshead.

5.9 It is also important to understand the direction of employment change. Within the chart, those sectors where employment growth in the Borough has out-performed the North East average are highlighted in green, whilst those shown in red have under-performed relative to regional growth.

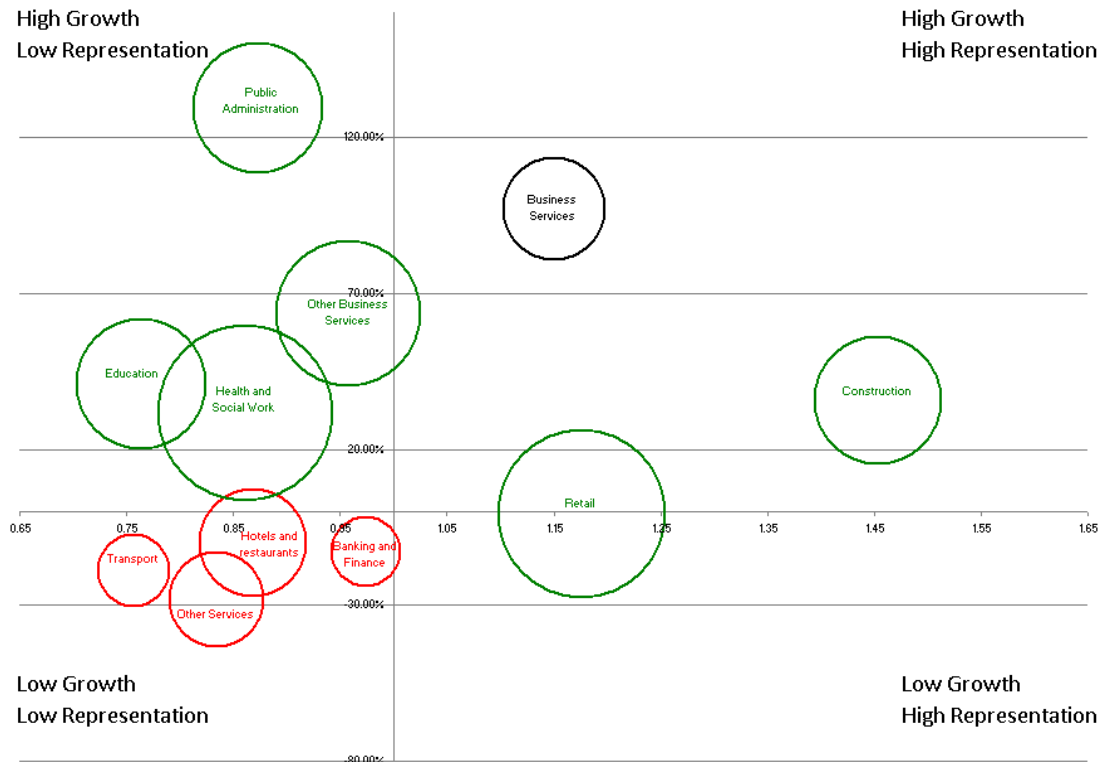
5.10 The top-right quadrant of the table is of most importance in suggesting those sectors likely to drive future economic growth. It contains those sectors which have a high representation and have experienced positive growth.

Within this quadrant those sectors shown in green are particularly relevant, as they have experienced levels of growth above the North East average. These sectors might be expected to enjoy continued strong growth within Gateshead, notwithstanding the current economic climate. For Gateshead, this quadrant includes construction and business services.

5.11 The top-left quadrant contains those sectors that are under-represented relative to the regional average but have exhibited recent positive job growth. These sectors, which include the population and growth related sectors of education and healthcare, as well as public administration and business services, also offer opportunities for future growth. Public administration would appear particularly well positioned in this regard. Indeed, between 1998 and 2010 employment in public administration within increased by 130% in Gateshead, whilst regionally the sector grew by 26.9%.

5.12 It is recognised, however, that there is still considerable uncertainty at present regarding potential public sector cuts which may restrict future growth in these sector. This is recognised in 1Plan, which highlighted a concern regarding public sector dependency. Similarly, employment in other business activities in the Borough increased over the same period by 63.3% which was almost double that observed across the North East (36.9%).

Figure 5.2 Growth, Representation and Size of Key Sectors in Gateshead



Source NLP analysis. Based upon BRES data 2010

5.13 In broad terms, the above analysis would suggest that the Borough still has an industrial base and that whilst manufacturing as a whole has contracted, there are a number of manufacturing sub-sectors within Gateshead that are

well placed to grow over the Local Plan period. This would help to maintain and enhance the area's strength as an industrial location. In addition, the Borough is likely to see further demand for wholesale and distribution premises, building upon an existing overrepresentation that is underpinned by the accessibility benefits of the area. However, this could be constrained without the resolution of capacity issues relating to the A1.

- 5.14 The potential for office-based sectors to drive future growth would appear to be mixed. In the decade prior to the recession, the Borough experienced strong growth in business services. However since 2008, a number of professional, financial and administration sectors have experienced negative growth.. This would seem to suggest that the growth of some office-based sectors during the 'boom' years was due to the growth of the national economy, rather than any particular local factors. In the coming years however, new sites such as the Baltic Business Quarter and Trinity Square will help to improve Gateshead's offer with respect to the sector.

## Sectors with Growth Potential

- 5.15 Building upon this initial analysis and taking account of the locational requirements of a range of key industrial sectors, it is possible to form a view as to how likely Gateshead is to develop or attract growth in these sectors over the study period. This analysis draws upon the findings of research undertaken by SEEDA<sup>10</sup> which examined the key drivers of business location by sector. Although it is acknowledged that the SEEDA work was not produced to reflect the North East commercial property market, it is considered that many of the key findings hold true for the study area.

### Financial / Business Services

- 5.16 A broad sector which includes a range of specialist financial, insurance and general business activities. Business location decisions in this sector reflect factors such as access to markets/suppliers, access to a skilled and diverse workforce and high quality transport and telecommunications infrastructure. Quality of life factors, including good housing and cultural facilities are also important. As a consequence, many such businesses seek city centre premises, however, a number are attracted to more peripheral business park locations that provide lower rates and ample car parking.
- 5.17 Gateshead's economy currently has a moderate representation of business services, although employment in the sector has risen strongly in recent years, increasing by 97.1% since 1998. This level of growth has been duplicated at the regional level. In contrast, the banking and insurance sector is under-represented within the Borough and contracted by 13% over

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<sup>10</sup> *Spatial Requirements of Key Sectors in the South East*, SEEDA (2004)

the period 1998-2010, despite remaining stable at the regional level. Analysis has shown that in fact, since the economic slow down in 2008, the banking and insurance sector has remained relatively resilient, with a growth of 4% in the Borough.

- 5.18 Notwithstanding the above, the 1Plan for NewcastleGateshead sets out the aspiration to expand the financial and business services sector. The Borough already benefits from good transport accessibility; it is served by the A1 and A167 strategic road network and located close to Newcastle International Airport, as well as train stations at Newcastle and Chester-le-Street providing services to key UK business locations. Additionally, the Borough and the wider conurbation provide an excellent retail and cultural offer whilst locations such as Whickham, Low Fell and Axwell Park offer the type of housing needed to attract and retain skilled workers. Also, whilst the skills base of the resident population is currently below the regional and national average, financial and business service companies setting up in the area could potentially draw upon graduates from the universities of Newcastle, Northumbria and Durham.
- 5.19 In order to successfully attract a greater number of businesses in the sector, there will be a need to provide more appropriate accommodation. The development of high quality, modern office premises at the Baltic Business Quarter could make a significant contribution in this regard, by providing suitable premises at the Quayside, where a concentration of financial and business services has already been established on the Newcastle side. In the long term, there appears to be relatively strong potential for future growth in business services and moderate potential for financial services, particularly given the modest growth of the sector during there recession.

### Distribution

- 5.20 Key locational factors for distribution and logistics activities are the availability of low cost warehousing, storage and distribution sites, whilst access to the strategic road network is critical. The sector is over-represented in Gateshead, with warehousing accounting for 7,300 jobs. Furthermore, levels of employment in the sector grew by almost 10% between 1998 and 2007, before the onset of the recession, outstripping the rate of increase observed regionally.
- 5.21 The growth observed over the past decade has been driven by the excellent accessibility of the Borough. Follingsby Park, adjacent to the A194(M) has secured a number of high profile distribution/logistics occupiers including Royal Mail, DHL and Target Express Parcels Worldwide. The Team Valley, adjacent to the A1 also offers potential for distribution/logistics uses, although new development has been constrained in recent years to capacity issues relating to the A1. The Drive Time Directive, which limits the number of hours that mobile workers can work, has had a positive impact by increasing the need for regional distribution facilities and this is anticipated to continue. However, Gateshead faces competition for demand from other

well established distribution locations such as Washington, Drum Park and Aycliffe Industrial Park.

- 5.22 Overall, there appears to be scope for moderate to high growth in the distribution/logistics sector, although it will be critical to ensure the continued availability of large, low cost sites with good accessibility and address existing capacity issues.

### **General Manufacturing**

- 5.23 Gateshead has a high proportion of employment in manufacturing relative to regional and national averages, with a particular over-representation in some more traditional sub-sectors of manufacturing including publishing & printing, metals and non-metallic minerals. The sector is relatively cost sensitive and therefore access to a supply of affordable sites and premises will remain important, although competition from lower cost locations abroad continues to increase. Other key locational factors for the sector include good transport accessibility and an appropriately skilled local labour force.
- 5.24 Very few of the Borough's general manufacturing sub-sectors have grown significantly in employment terms over recent years. However, many have proved more resilient to contraction than the regional trend, which could indicate that the Borough has some competitive advantage in the sector. While some further decline in employment levels is likely overall, this could be expected to occur at a lower rate than the regional average. Additionally, some niche sub-sectors will continue to grow and Gateshead may have the potential to attract some relocations/expansions from elsewhere by capitalising upon the area's excellent accessibility and stock of good quality manufacturing premises.
- 5.25 Overall, it is considered that consolidation rather than further decline of general manufacturing can be achieved if some inward relocations can be attracted to the Borough.

### **Advanced Manufacturing / Engineering**

- 5.26 The sector typically comprises of higher value manufacturing and engineering uses that rely upon greater technological and skill inputs. Important locational factors for the sector include proximity to the strategic road network, availability of high quality business park environments and flexible/affordable workspace. However, the critical factor is the availability of skilled, qualified and experienced staff. Indeed, previous ELRs undertaken by NLP in the North of England have found that many businesses in the sector tend to remain broadly in their historical location in order to retain their workforce.
- 5.27 Gateshead has a moderate to strong base in these sectors, with an existing over-representation in the manufacture of machinery & equipment and electrical & optical equipment and a number of prominent businesses already established in the Borough including:



- **Komatsu:** internationally pre-eminent manufacturer of construction and mining equipment; and
- **Tech/Ops Sevcon:** world leaders in the design and manufacture of microprocessor based controls for electric vehicles.

5.28 Gateshead's resident population contains a lower proportion of the highly skilled workers demanded by the sector. The Borough also contains a lower proportion of knowledge based industries which make up part of this sector. However, this is being addressed through Gateshead College's role as the North East lead provider for the *National Skills Academy Manufacturing* and initiatives such as the *Skills Academy for Automotive, Manufacturing and Logistics* established by the College. In addition, GMBC and the Engineering Employers Federation are collaborating to launch the Gateshead Manufacturing Forum. This will support the wider engineering and advanced manufacturing sector and focus on promoting skills development, technology transfer and access to markets and new market opportunities.

5.29 It is therefore considered that the sector offers the potential for moderate future growth within Gateshead.

### Information Communications Technology (ICT)

5.30 Gateshead has a high representation of employment in computer-related activities which has experienced strong growth over the period 1998-2010, with the number of jobs rising from 740 to 1,759. Important locational factors for the sector include high quality ICT infrastructure, the availability of a skilled workforce, as well as proximity to a major metropolitan centre and the market opportunities that this provides. Gateshead has a small but established and expanding cluster of computer games companies, which has been recognized as a key growth sector. The spin-off benefits provided by existing high profile businesses such as BT Syntegra (BT's prime contractor for major IT transformation programmes) should also be explored to identify whether they can help stimulate the development of indigenous businesses.

5.31 Overall, the sector is considered to offer the potential for moderate employment growth. This may increase if the Borough is successful in expanding the financial and business service sector within the area. This is because the sector is a key driver of demand for ICT services. The Council and Alcatel-Lucent Telecoms have invested in a high capacity, open access fibre-optic network to allow very fast broadband connections for businesses at Baltic Business Quarter and surrounding areas such as Baltic Place and the International Business Centre. The G-ti (Gateshead Technology Innovations) network will support services such as video-conferencing, streaming media, data storage & protection, disaster recovery and image processing. This state-of-the-art infrastructure supports further opportunities for growth in Gateshead's ICT sector.

## Environmental Technologies / Energy

- 5.32 This sector includes activities such as renewable energy technologies, recycling, water treatment, decontamination and other environmental consultancy. It is one that many other areas of the UK are targeting and some are particularly advanced in promoting. Key considerations with respect to location decisions for the sector include the availability of skilled labour resources, proximity to universities with relevant R&D facilities, access to customers/suppliers and available incubator/move-on facilities. For waste-related activities, proximity to large population and manufacturing centres is important.
- 5.33 The sector is significantly underrepresented relative to the regional average and employment in the sector experienced a contraction of over 60% over the period 1998-2010 despite remaining relatively stable across the North East.
- 5.34 The potential for future growth in the Borough would also appear to be mixed. For instance, Gateshead contains a number of large industrial sites and access to the Tyne and Wear conurbation; a major population and economic centre. In addition, the area provides access to relevant research facilities including Northumbria University's Photovoltaics Application Centre and the Durham Centre for Renewable Energy at Durham University.
- 5.35 However, a number of nearby authorities are actively targeting the sector and have developed specific advantages or facilities, most notably the New and Renewable Energy Centre (NaREC) at Blyth. NaREC is a national centre for the UK dedicated to accelerating the deployment of renewable energy and low carbon generation technologies.
- 5.36 Furthermore, proposals for Low Carbon EZ at River Tyne North Bank and the Ultra Low Carbon Vehicles Sites adjacent to the A19 in Sunderland will specifically target low carbon and advanced manufacturing industries, offshore wind and Renewables. The combination of fiscal and policy incentives will make it harder for Gateshead Borough to compete for these target industries.
- 5.37 On balance, it is considered that environmental technologies offer moderate potential for future growth in Gateshead.

## Healthcare / Biotechnology

- 5.38 The primary locational driver for the sector is access to relevant research and development activity, with many business start-ups requiring close university links. Additionally, access to a pool of suitable graduate labour and proximity to existing bioscience clusters can also be important to businesses, whilst large, lower-cost sites are often sought for production facilities. Locations with good access to major metropolitan centres are often viewed as preferable.

- 5.39 The Borough performs well against a number of the locational criteria, including access to the regional capital of Newcastle and proximity to relevant research activity. Indeed, both Newcastle and Northumbria have particular research specialisms in the field. The pool of graduate labour generated by the universities would also help to address Gateshead's shortage of highly skilled workers.
- 5.40 However, there are no existing clusters of activity within Gateshead, as demonstrated by the Borough's low proportion of employment in the sector, which has declined over the period 1998-2007. Growth in research and development of biotechnology and natural sciences has been slow since 2008 with just a 0.2% increase. Additionally, Newcastle, with the development of Science City is anticipated to capture the majority of sub-regional demand for the sector, particularly with respect to research and development activity. This may generate some spin-off benefits for the surrounding area in terms of production facilities that Gateshead may be able to capitalise. Overall, however, it is considered that the sector offers limited growth potential.

### Creative Industries / Media

- 5.41 This diverse sector includes activities such as publishing, graphics, software and web-design etc. Key locational factors sought by businesses in the sector include access to broadband, areas with an attractive lifestyle and sometimes the image of the location. In addition, access to London's large client base is also beneficial. The availability of skilled staff and affordable town centre premises with a good cultural image can also be important. A high proportion of freelance contractors typically work from home or within small offices.
- 5.42 The *Vision 2030* document highlights that Gateshead is already a centre of global excellence in computer gaming. The sector is currently overrepresented in comparison with the regional average and employment grew locally by 136% between 1998 and 2007, a rate of growth significantly higher than that observed across the North East. The combined cultural offer and image of NewcastleGateshead, underpinned by assets such as The Baltic and The Sage provides the lifestyle and image that is sought by many creative and media businesses, whilst access to London is reasonably good via the East Coast Mainline or domestic flights from Newcastle International Airport. The Baltic Business Quarter and the surrounding area benefits from access to GTI broadband, which is likely to be particularly attractive to a range of commercial sectors.
- 5.43 The Borough's Core Strategy is seeking to attract more creative businesses to Gateshead and the Urban Core generally. However, it is understood that a lack of appropriate premises, particularly move-on accommodation for the sector is a potential constraint at present and this must be addressed in order to capitalise upon the Borough's potential. It is, however, important to note that Newcastle also contains established concentrations of creative

activity, with clusters of suitable premises and workspaces in areas such as Pink Lane and the Ouseburn Gateway and this will provide competition for demand. Northern Design Centre and GMBC have been working with Northumbria University to explore opportunities to support graduate activity, utilising the Design Network North, supporting skills and product development.

- 5.44 A Creative Quarter within Central Gateshead is being established to provide a hub for TV, film, games and digital innovation, promoted through the annual Digital Festival. Incubation space for creative businesses is available at Gateshead International business Centre, the Old Town Hall, the Baltic and the Northern Design Centre. Gateshead College has also invested in their Baltic Campus on Gateshead Quayside to develop a specialist Digital Academy.
- 5.45 On balance, it is therefore considered that future growth in the creative industries is likely to be strong.

### Construction

- 5.46 Significant development activity has taken place in Gateshead over the past decade including major developments such as the Sage, the Baltic, extensions to the Metrocentre and most recently the new Gateshead College Campus. Further development is anticipated in future as Baltic Business Quarter is developed out and ambitious regeneration plans for the town centre come to fruition. However, it should be noted that the sector has been affected significantly by the current recession.
- 5.47 The majority of employment in the sector is 'on-site' and as a result generates little requirement for commercial premises. It does, however, create a requirement for storage depots and wholesale premises supplying construction products and materials. Such uses are particularly cost sensitive and will therefore tend to locate in areas of the Borough with low land values. Overall, the future growth potential of the sector within Gateshead is considered to be low.

### Gateshead's Future Economic Role

- 5.48 The analysis set out above has identified a number of sectors where moderate or moderate-high levels of growth can be anticipated within Gateshead. In broad terms, the Borough's competitive advantages moving forward appear likely to be based upon the area's existing strengths in manufacturing, and emerging opportunities in business services and distribution, and particularly creative and media sectors, building upon the locational benefits of being located at the heart of the City Region.
- 5.49 Given the employment increases observed in the Borough in recent years and the opportunities that will be created by Gateshead's designation as a Growth Point, it is considered reasonable to expect moderate future employment growth. Indeed, it is likely that anticipated future growth would

be higher were it not for the uncertainty created by the ongoing fallout from the recession and subsequent economic slowdown, and the Borough's proximity to competing centres.

Table 5.1 Future Growth potential for Key Industrial Sectors in Gateshead

<b>Sector</b>	<b>Current Representation in Gateshead</b>	<b>Future Growth Potential in Gateshead</b>
Business Services	Moderate	High
Banking and Insurance	Low	Moderate
Distribution	High	Moderate / High
General Manufacturing	High	Low
Advanced Manufacturing/Engineering	Moderate / High	Moderate
ICT	High	Moderate
Environmental Technologies	Low	Moderate
Healthcare/Biotechnology	Low	Low
Creative and Media	Moderate	High
Construction	Moderate	Low

## 6.0 The Gateshead Commercial Property Market

### Introduction

- 6.1 This section describes current property market conditions in Gateshead Borough and the general area around it, with a particular focus on the Tyne and Wear Sub-Region, including recent trends in demand for and the supply of industrial and office premises and the factors affecting these. The analysis is based on Storeys Edward Symmons' local market knowledge, supplemented by discussions with a number of other local property agents and various economic development and business organisations active in the area.

### Overview

- 6.2 Gateshead Borough's commercial property market is diverse, with regionally and nationally significant development such as the Gateshead Quays, Baltic Business Quarter, the wider Metrocentre area Team Valley Trading Estate and Follingsby Park, set against a considerable number of smaller, older, industrial estates providing for the needs of predominantly localised, indigenous uses.
- 6.3 The Borough's main attractions for firms include its location at the heart of the City Region and proximity to Newcastle City Centre; excellent transport accessibility; the availability of a cost effective workforce and proximity to larger population centres. Traditionally Gateshead has had a strong industrial base which has complemented Newcastle's primacy as an office centre. The Borough's potential drawbacks are a less attractive image as a business location compared with Newcastle City and a correspondingly lower profile; high levels of congestion on the A1 western bypass; high levels of deprivation and low (although improving) skills levels; and the ongoing restructuring of the Borough's manufacturing industries.
- 6.4 Agents are of the view that Gateshead was perceived as a secondary office location in the past, the development of Grade A offices at Gateshead Quays is helping to dispel this image. The Quays and the adjoining Baltic Business Quarter are generally expected to emerge as the Borough's prime office location and a regionally significant driver for the future. Gateshead's future was generally viewed as being heavily interlinked with that of Newcastle City's, and hence the prospects of this more established centre will have a strong bearing on Gateshead's future economic growth.
- 6.5 In general, demand within the commercial property market in Gateshead is derived from one of three main sources:

#### 1 Local Companies who are seeking to relocate, expand and/or rationalise:

- In relation to local demand the prospect of future growth depends fundamentally on the depth and vitality of the existing employment base, the extent to which the location supports companies in high growth sectors and conversely, its exposure to companies in vulnerable sectors. In so far as most companies will not wish to relocate more than 5 miles from their existing base, given staff retention issues and benefits of established networks and supply chains, this market often comprises the most significant source of demand for new space.
- It is anticipated that the most significant local source of demand (and conversely, competing supply) will be from the established commercial areas of Gateshead Town Centre, East Gateshead, the Metrocentre area, the Team Valley, Birtley, Follingsby and to a lesser extent, Ryton.

## 2 Sub-Regional Companies based outside the local area:

- These are companies for whom Gateshead is attractive either because of pull factors such as better premises / product, lower wage costs or the availability of incentives; or push factors within their own location, for example lack of available premises, rising costs, congestion etc.
- Gateshead is well positioned to attract from elsewhere in the Tyne and Wear conurbation, as well as from its proximity to smaller but established commercial centres such as Durham and Chester-le-Street to the south, some employers from these surrounding areas may consider relocating to Gateshead, should the desired product be available. The choice of location will depend on the availability of premises and the requirements of the business. Gateshead's principal employment areas will accommodate the vast majority of such relocations.
- Over two thirds of Gateshead Borough comprises attractive countryside and, if additional good quality premises and housing could be made available, the Borough as a whole may prove of interest to companies seeking better premises and a better quality of life, particularly given the pressure on sites along the A1 corridor. Whilst there are unlikely to be any financial incentives available (given the worsening state of public finances), land in Gateshead remains relatively competitively priced.

## 3 Inward Investment – from overseas or elsewhere in the UK:

- Generally, the ability to attract significant inward investment revolves around either the availability of particularly strong locational advantages, particularly good available sites, with good transport access and local labour supply along with availability of significant financial assistance.

- These firms are by their very nature footloose and there are other development opportunities nationally and locally which are likely to provide strong competition. Gateshead has been successful in the past in attracting inward investment, and whilst it can be extremely difficult to attract demand from this sector of the market, Gateshead can offer unique selling points including the quality of development at the Quayside; the proximity to the strategic road and rail network and Newcastle airport; a considerable, highly educated, student population from Newcastle University, Northumbria University and Gateshead College, a significant proportion of whom are keen to stay in the Tyne and Wear area once their studies have been completed; and the internationally recognised Metrocentre and Team Valley trading areas, all of which could help the Borough to develop a competitive advantage in particular sectors.

6.6 The remainder of this section focuses on the demand and supply analysis for individual market sectors.

## Industrial Supply / Demand

### The Market for Industrial Premises in Gateshead

6.7 The Valuation Office Agency prepares a comprehensive and current list of all commercial premises for rating purposes. We have used this to identify the quantity and size of industrial premises within the Borough. This VOA data distinguishes between various types of industrial premises, and their descriptions and use codes are included for reference. To a large extent however the market does not make such distinctions. Buildings will typically accommodate a range of uses, and what was originally designed for one use may be subsequently used for another. Even broad groupings such as factories and warehouses are typically indistinguishable. There are a handful of large purpose-built high bay warehouses with multiple loading bays, which can be distinguished, but these are too few to allow meaningful analysis.

### Stock

6.8 As at February 2012, the VOA identifies 2,230 industrial units in the Borough of Gateshead. This represents a 5% decrease in the number of premises recorded in December 2009. These are predominantly situated on industrial estates, though vehicle repair workshops and stores are found in other locations too. Premises defined as land used for storage or storage depots are included within this analysis. The table below categorises these by type.



Table 6.1 Stock of Industrial Units

Description	PSD Code	Number of Units
Vehicle Repair Workshop	CG1	92
Garage and Premises	CG2	26
Road Haulage Depot and Premises	CG4	2
Warehouse and Premises	CW	822
Land Used for Storage and Premises	CW1	61
Storage Depot and Premises	CW2	26
Store and Premises	CW3	109
Factory and Premises	IF	270
Works and Premises	IF2	1
Workshop and Premises	IF3	816
Other Industrial	IX	5
<b>Total</b>		<b>2,230</b>

6.9 The descriptions and categorisation used by the VOA suggest that around 47% of industrial premises are used for some form of storage. These will range from lock-ups and areas of land to purpose built logistics warehouses. Another 49% of premises are described as factories, workshops and works.

6.10 Table 6.2 categorises industrial premises by size. For this analysis storage depots and land used for storage have been excluded to ensure that the analysis is not distorted by the inclusion of large areas of land.

Table 6.2 Size of Industrial Units

DESCRIPTION	SIZE (sq m)								TOTAL
	< 50	50 - 100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	
Vehicle Repair Workshop	9	7	40	22	11	3	0	0	<b>92</b>
Garage & Premises	3	6	9	4	1	2	0	1	<b>26</b>
Warehouse & Premises	18	67	146	182	189	121	80	19	<b>822</b>
Store & Premises	28	38	35	3	4	1	0	0	<b>109</b>
Factory & Premises	4	16	27	41	46	52	45	39	<b>270</b>
Works & Premises	0	0	0	0	0	0	0	1	<b>1</b>
Workshop & Premises	109	167	242	135	94	50	14	5	<b>816</b>
Other Industrial	0	0	0	0	1	1	1	2	<b>5</b>

DESCRIPTION	SIZE (sq m)								TOTAL
	< 50	500 -100	100 - 250	250 - 500	500 - 1000	1000 - 2000	2000 - 5000	> 5000	
<b>TOTAL</b>	194	300	498	384	332	228	142	63	<b>2,141</b>

6.11 Smaller units are an important component of supply. 23% of units are of less than 100 sq m and another 23% are between 100 and 250 sq m. Only 20% of units are greater than 1,000 sq m.

### Availability

6.12 Our analysis of available industrial premises uses data from the North East Business Space (NEBS), which provides regional coverage. The 2010 ELR compared data compiled by NEBS with that compiled by FOCUS (which provides national coverage) and found that the two databases broadly concurred.

6.13 As at February 2012, the North East Business Space database recorded 269 premises on the market equating to 239,609 sq m (2.58 million sq ft). This is a substantial increase since December 2009 when 192 premises were recorded, which equated to 180,744 sq m (1.95 million sq ft)

6.14 The overall vacancy rate equates to around 12.5% in February 2012, up from 8.5% in December 2009. This could indicate growing levels of oversupply in the market.

6.15 The table below uses the North East Business Space data to compare availability and stock of units across different size bands.

Table 6.3 Vacancy Rates of Industrial Units

	SIZE (sq ft)								TOTAL
	< 50	50 - 100	100 - 250	250 - 500	500 - 1,000	1,000 - 2,000	2,000 - 5,000	> 5,000	
Stock of Units	194	300	504	402	349	237	142	63	<b>2,141</b>
Vacant Units	11	37	53	63	38	35	26	6	<b>269</b>
<b>VACANCY RATE (%)</b>	<b>5.6</b>	<b>12.3</b>	<b>10.5</b>	<b>15.7</b>	<b>10.9</b>	<b>14.8</b>	<b>18.3</b>	<b>9.5</b>	<b>12.6</b>

6.16 Oversupply is most significant amongst units of 2,000 to 5,000 sq m, though the number of properties involved is relatively low. Less pronounced but arguably more significant is the oversupply amongst units of 100 to 500 sq m, which comprise 42% of the stock.

- 6.17 Only amongst units of less than 50 sq m does the vacancy rate of 5.6% suggests a healthy market with some modest capacity for churning of premises as businesses expand and contract, but no oversupply of premises.
- 6.18 The abolition of empty property rates relief has substantially increased the costs of holding vacant commercial property; and the weakening of demand as a result of the downturn has led to increased void periods. As landlords' overall holding costs increase, demolition is becoming a serious option for older larger factories. The most notable example has been the demolition of the former Huwood factory on Team Valley. There is no evidence that the level of demolitions is of a scale that can keep rising vacancy rates in check, but it has increased the supply of redevelopment sites. This has implications for the overall amount of employment land allocations that are required.

### Values and Viability

- 6.19 Using VOA data the average industrial rents in the Borough is around £3 per sq ft. Asking rents for industrial properties currently on the market range from £1 to £7 per sq ft depending on specification, size and location. Higher rents are being quoted for trade counter units (e.g. Saltmeadows Trade Park and Eastern Avenue Trade Park) and hybrid units with substantial office content (e.g. Queens Court).
- 6.20 The most expensive location is Team Valley where new units command a premium over other areas. Smaller units of around 100 sq m (1,000 sq ft) are achieving £6.50 per sq ft and larger units can achieve £5.50 to £6.00 per sq ft. At Follingsby Park £5.50 per sq ft is being sought for distribution warehouses. At Dunston asking rents are also in excess of £5 per sq ft. These are prime rents for new units. In other locations there has been little if any new development and evidence of current rental levels is scarce. Future speculative industrial development will focus on these few areas that can command higher rents. In other locations new development will typically be restricted to businesses building premises for their own occupation.
- 6.21 The viability of industrial development is dependent on a range of factors including:
- availability and cost of finance,
  - abnormal costs of site preparation
  - abnormal infrastructure costs
  - void periods
  - construction costs
  - rental levels
  - yields
  - ability to secure pre-lets or forward sales
  - availability of gap funding

- 6.22 In current market conditions private sector industrial development is impossible. But in more normal market circumstances rents of around £5 per sq ft would need to be achievable before private sector speculative development could be contemplated. On this basis, development will mainly be focussed at Team Valley, Follingsby and Dunston on sites without substantial abnormal costs.
- 6.23 Development in other areas will require either an occupier to be identified at the outset or public sector gap funding. Increasingly funding is being targeted at projects that meet key economic criteria rather than at property development in its own right. The focus of development activity is therefore unlikely to change.

### **Development Pipeline**

- 6.24 We have been supplied with data on planning applications collated by Gateshead Council's Development Control section. Excluding extensions and changes of use, there are twelve proposals for new industrial development which have planning consent but have not yet been started.
- 6.25 Some of these consents were granted several years ago and may not now be implemented. Proposals for bespoke premises may be resurrected as and when the occupier is in a position to proceed and speculative schemes may be built out in phases. This illustrates the thin supply coming forward: in total the sites involved equate to 13.84 hectares. Take-up of land for industrial development is expected to be low for the foreseeable future.

### **The Market for Office Premises in Gateshead**

- 6.26 Storeys Edward Symmons carried out an external inspection of the office stock across the Gateshead Borough in mid 2009. This comprehensive visual analysis was based upon entries identified as offices in the Valuation Office Agency Rating List 2005, which we updated to reflect new development. Its analysis of data on the stock and availability of office premises provides a comprehensive understanding of the current supply. The Office Capacity Study (OCS) (see Appendix 2) and the NewcastleGateshead Office Needs Assessment (ONA) are complementary studies which provide a more comprehensive analysis of Gateshead's office market. In this section, we use current VOA data to understand the quantity and size of office premises in Gateshead.

### **Stock**

- 6.27 The VOA identifies 1,495 individual office hereditaments in the Borough of Gateshead, comprising 255,000 sq m (2.7 million sq ft). Whilst the floorspace is broadly unchanged since December 2009, the number of units has increased by 34% from 1,117. This sharp increase is largely explained by changes to empty property rates relief, which have allowed business rates to be avoided where the Rateable Value was low. It has thus been financially advantageous to split floorspace into smaller units to bring it

below the RV threshold and gain relief. The table below categorises office units by size and location.

Table 6.4 Stock of Offices

Settlement	Type							Total Units
	Block	Detached	Semi detached	Terrace	Business Park	Over Shop	Ancillary	
Gateshead Town Centre	119	43	1	55	0	26	1	245
East Gateshead, Felling, Bill Quay	110	23	0	6	89	6	0	234
Low Fell & Wrekenton	3	8	0	8	0	11	0	30
Birtley	30	4	0	3	0	11	0	48
Chopwell, Sunnyside, High Spen & Rowlands Gill	0	5	1	0	0	2	0	8
Blaydon & Ryton	0	14	4	13	0	12	2	45
Whickham & Swalwell	40	4	1	5	0	14	1	65
Metrocentre & Dunston	13	13	1	0	77	0	0	104
Team Valley	72	19	3	0	145	0	4	243
<b>Total</b>	<b>387</b>	<b>133</b>	<b>11</b>	<b>90</b>	<b>311</b>	<b>82</b>	<b>8</b>	<b>1022</b>

6.28

Within Gateshead Town Centre, East Gateshead and the Team Valley there are a total of 829 of office units which together comprise more than half (55%) of all units. The Metrocentre has another 9% and Birtley 7%.

Table 6.5 Size of Offices

Settlement	Size (sq m)								Total Units
	<50	50-100	100-250	250-500	500-1000	1000-2000	2000-5000	> 5000	
Gateshead Town Centre	126	40	57	32	8	4	0	1	<b>268</b>
East Gateshead	162	16	11	22	4	3	3	0	<b>221</b>
Felling	119	36	21	7	6	2	0	0	<b>191</b>
Low Fell	9	26	20	2	1	0	0	0	<b>58</b>
Birtley	74	22	5	2	4	1	0	0	<b>108</b>
Chopwell, Sunnyside, Rowlands Gill, High Spen	2	1	2	4	0	0	0	0	<b>9</b>
Blaydon and Ryton	41	20	19	11	4	1	0	0	<b>96</b>

Settlement	Size (sq m)							Total Units	
	<50	50-100	100-250	250-500	500-1000	1000-2000	2000-5000		> 5000
Whickham and Swalwell	55	19	13	5	2	0	0	0	<b>94</b>
Metrocentre & Dunston	10	32	61	14	11	0	2	0	<b>130</b>
Team Valley	88	59	98	44	18	8	5	0	<b>320</b>
<b>Total</b>	<b>686</b>	<b>271</b>	<b>307</b>	<b>143</b>	<b>58</b>	<b>19</b>	<b>10</b>	<b>1</b>	<b>1,495</b>

- 6.29 46% of offices within the Borough are less than 50 sq m and 85% of the total stock is less than 250 sq m. East Gateshead in particular has a high proportion of very small units with 71% of less than 500 sq ft, reflecting its stock of managed workspace.
- 6.30 At the other end of the scale, only 2% of units are more than 1,000 sq m. These are mainly situated within the Town Centre, East Gateshead or at Team Valley.

### Availability

- 6.31 Our analysis of available office premises uses data from the North East Business Space (NEBS), which provides regional coverage. As at February 2012, the North East Business Space database recorded 300 premises on the market equating to 73,982 sq m (796,000 sq ft). This is a substantial increase since December 2009 when 235 premises were recorded as being available.
- 6.32 The overall vacancy rate equates to around 20% of units in February 2012; this is a little lower than the rate of 23% recorded in December 2009. However, when measured by floorspace, the vacancy rate equates to 29%. Given the splitting of units to reduce business rates liability, an assessment of vacancies by floorspace should be regarded as the more reliable indicator.
- 6.33 A vacancy rate of 29% indicates continuing severe oversupply in the Borough's office market. In a healthy property market a vacancy rate of 5% to 10% would be expected.
- 6.34 A comparison of vacancy rates within each size band identifies very high rates amongst units of 2,000 - 5,000 sq m and 500 - 1,000 sq m. It should be noted that there is substantial oversupply across all size bands.

Table 6.6 Vacancy Rates by Size

	Size (sq m)								Total Units
	<50	50-100	100-200	200-500	500-1000	1000-2000	2000-5000	5000 +	
Stock of Units	<b>686</b>	<b>271</b>	<b>307</b>	<b>143</b>	<b>58</b>	<b>19</b>	<b>10</b>	<b>1</b>	<b>1,495</b>
Vacant Units	112	63	55	40	22	4	4	0	<b>300</b>
<b>VACANCY RATE (%)</b>	<b>16.3</b>	<b>23.2</b>	<b>17.9</b>	<b>28.0</b>	<b>37.9</b>	<b>21.1</b>	<b>40.0</b>	<b>0</b>	<b>20.1</b>

## Values and Viability

- 6.35 To gain a comprehensive understanding of rental levels throughout the Borough we have used rental tones from VOA data. Average rents are highest (circa £110 per sq m) at Team Valley and Metrocentre where there is a high proportion of modern stock. Here (and in Whickham) maximum rents are at levels that would in more normal market circumstances allow viable office development on sites that are not subject to abnormal costs of preparation such as remediation or infrastructure provision.
- 6.36 Gateshead Quays is generally expected to emerge as the Borough's prime office location. Here, the completion of Baltic Place has coincided with the collapse in market demand and it has been slow to attract its first tenants. A number of lettings have now been agreed at rents substantially below those anticipated by the developer, City & Northern, when it started on the project.
- 6.37 Within the town centre there has been some long term rental growth amongst good quality buildings and in the more desirable locations such as Walker and Regent Terrace within the traditional office quarter. The Metrocentre and Team Valley areas have also seen increases though not across the board.
- 6.38 The viability of industrial development is dependent on a range of factors including:
- availability and cost of finance,
  - abnormal costs of site preparation
  - abnormal infrastructure costs
  - void periods
  - construction costs
  - rental levels
  - yields
  - ability to secure pre-lets or forward sales
  - availability of gap funding

- 6.39 In current market conditions private sector office development is impossible. But in more normal market circumstances rents of around £13 per sq ft would need to be achievable before private sector speculative development could be contemplated. On this basis, developers will look to Gateshead Quays, Baltic Business Quarter, Team Valley and the Metrocentre with perhaps small bespoke requirements in Whickham.
- 6.40 Development in other areas will require either an occupier to be identified at the outset or public sector gap funding. Increasingly funding is being targeted at projects that meet key economic criteria rather than at property development in its own right. The focus of development activity is therefore unlikely to change.

### Development Pipeline

- 6.41 We have been supplied with data on planning applications and enquiries collated by Gateshead Council's Development Control section. Ignoring extensions and changes of use there are eleven planning consents for office development in the Borough which remain unimplemented (see Appendix 12). This illustrates the thin supply coming forward.
- 6.42 Five of these major office proposals with planning consent are focussed on Baltic Business Quarter and Gateshead Quays. Some of these applications are for a mix of uses and together it is intended that they will form a 'business quarter' of offices, hotels, restaurants and education related uses. At present, 121,920 sqm of offices have been granted planning permission on the Gateshead Quays. This development has not yet commenced due to the current economic conditions tempering demand and restricting development finance. This enforced review of development proposals may result in changes to the scale of proposed office provision as a more cautious approach to development is adopted.
- 6.43 Further office development is proposed at Ochre Yards and Askew Road to the north west of Gateshead Town Centre, alongside the office element of the Trinity Square mixed use development. Other office consents within the Borough are for relatively small scale developments in industrial areas.
- 6.44 The location of office development proposals indicates the areas in which market demand was strongest and developers had confidence. Although the private sector will find it hard to develop on a speculative basis for the foreseeable future, as and when the market improves it will be those regeneration areas between the Town Centre and the River Tyne that are likely to be favoured. The ONA found that the viability of office development at Baltic Business Quarter is stronger than in the Town Centre, and that as market conditions improve development will return on a pre-let or forward sale basis.
- 6.45 At the Metrocentre there are also office development opportunities, but at Team Valley - though there is market demand - planning policy and highways



issues will limit new development. As market conditions improve serviced sites will support viable speculative office development, so long as abnormal costs and planning contributions are not excessive. Within Birtley and some of the Borough's established industrial estates economic regeneration priorities may require new office provision to replace redundant stock. Here public sector funding will be needed to bring forward development.

## 7.0 Stakeholder Consultation

### Introduction

7.1 Stakeholder consultation has formed an essential part of the ELR process, in order to ensure that employment land projections and allocations meet the needs and aspirations of Gateshead. The stakeholder engagement and consultation undertaken comprises:

- 1 Face-to-face meetings and telephone discussions with 16 key stakeholders;
- 2 A business survey, which was sent out to 600 local businesses to elicit property and land requirements; and
- 3 A stakeholder workshop, with attendance from a variety of stakeholders including public sector bodies, potential investors and businesses.

7.2 A summary of this consultation process is presented below.

### Face-to-Face Meetings and Telephone Discussions

7.3 Consultations were held with a range of key stakeholders to help inform the development of the employment land review. NLP attended face to face meetings with representatives from, and undertook telephone discussions with, the following organisations:

- a Natural England
- b Tyne and Wear Research and Information
- c North East Chamber of Commerce
- d Tyne and Wear Development Company
- e North East Regional Information Partnership
- f Gateshead College
- g Gateshead Council – Economic Development Department
- h Gateshead Council – Open Space Department
- i Gateshead Council – Major Initiatives Team
- j 1NG
- k Gateshead Council – Property Services
- l Northumbrian Water
- m One North East
- n Bridging NewcastleGateshead
- o The Highways Agency
- p The Environment Agency

7.4 These consultations were used to discuss the current and future role of Gateshead within the regional and sub-regional economy and the existing opportunities and constraints of the local authority as a business location.

## Summary Findings

7.5

The key findings and main issues raised included the following:

- a Whilst historically in decline, traditional manufacturing industries are likely to continue to play a key role in Gateshead's economic future, although there is a need to provide more good quality premises that have excellent transport links to ensure they prosper.
- b Once we emerge from the protracted economic downturn, it is likely that businesses providing commodities / services are likely to see some growth which will need to be accommodated.
- c Gateshead provides a more affordable location for businesses than Newcastle upon Tyne and the potential should be maximised to promote it as an alternative location.
- d Demand for premises with larger floor plates is relatively low (e.g. the low take up of space at Baltic Place). Instead, the demand would appear to be for smaller, higher quality premises.
- e A key issue for Gateshead is infrastructure and transport constraints (particularly in terms of road links), as well as its image.
- f In terms of spatial priorities, the key areas for future development within Gateshead remain those sites that are accessible to the A1 (although the constraints of the A1/Western Bypass are stressed).
- g Key employment locations within the borough include Team Valley (which has a range of premises for industrial uses and recent Grade A office development), Follingsby (given the choice of premises there) and Baltic Place.
- h Gateshead's Quayside should also be a focus for economic growth, including development of creative industries, and particularly media given its accessibility to the Ouseburn development area. It is also considered that there is a strong demand for office space in the Quayside area;
- i Notwithstanding this, there needs to remain a focus upon meeting the needs of the rural areas and not just the urban core, including by embracing opportunities to encourage and support local businesses.
- j There is a recognised lack of a highly skilled workforce. There are opportunities to enhance skill levels but there has been relatively limited take up.
- k Notwithstanding this, the links between businesses in Gateshead and educational facilities would appear to be increasingly strong. Gateshead College, for example, has specialisms including engineering, manufacturing, construction (particularly sustainable construction). The College is working closely with businesses of different scales and other educational establishments, which could assist in the development particularly of low carbon technology (e.g. Nissan and Smith Electrical), sustainable construction (US Colleges) and the creative and cultural industries (e.g. Sage, Baltic, Dance City).

## Business Survey

7.6 A Business Survey was sent out to 600 businesses in Gateshead Borough in July 2009, with responses received throughout the summer. This sought to help determine the property and land requirements of the local business community. The 600 businesses were chosen randomly from the Council’s business database. The database was first sorted to ensure that the survey sample included a range of industrial sectors and a range of sized firms from all of the main employment locations in the Borough.

7.7 The survey was used to examine a range of issues as outlined below:

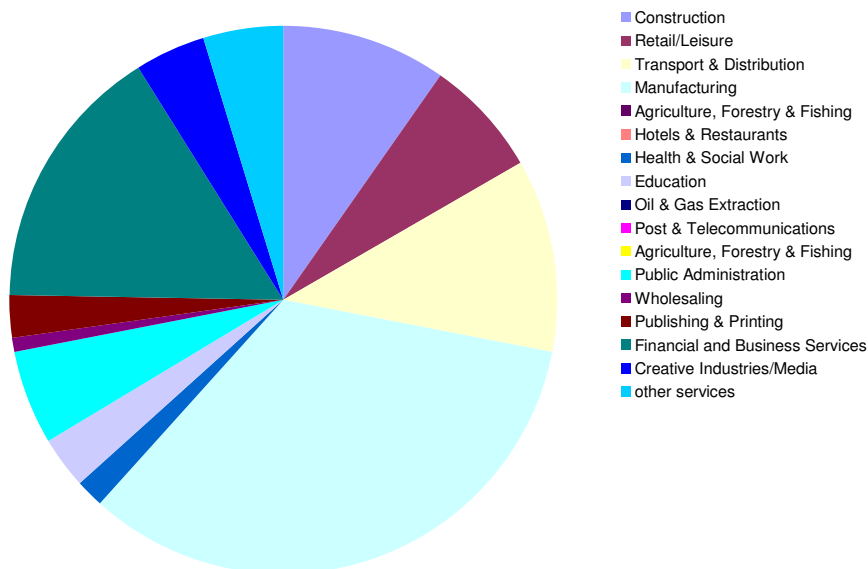
- 1 Business background - activity, size and location.
- 2 Current premises - type, size and occupation.
- 3 Future growth - drivers of future growth and anticipated land and premises requirements.
- 4 The Study Area - benefits, constraints and levels of satisfaction.

7.8 A full copy of the survey is attached at Appendix 4, with PEA/SEA survey maps provided by GMBC attached at Appendix 5.

7.9 NLP subsequently received 125 completed surveys, representing a response rate of 21%, which is not untypical of postal surveys of businesses.

## Business Background

Figure 7.1 Industry Type



7.10 Figure 7.1 presents the key business function of respondents and illustrates that manufacturing (42 respondents / 34%) is the most dominant type of firm within Gateshead. On the basis of the responses received, the financial and business services (16%), transport and distribution (11%) and construction (10%) sectors would also appear to be reasonable well presented in Gateshead. Only a limited number of firms consider that their

industry comprises wholesaling (1%), publishing and printing (2%), health and social work (2%) or education (3%).

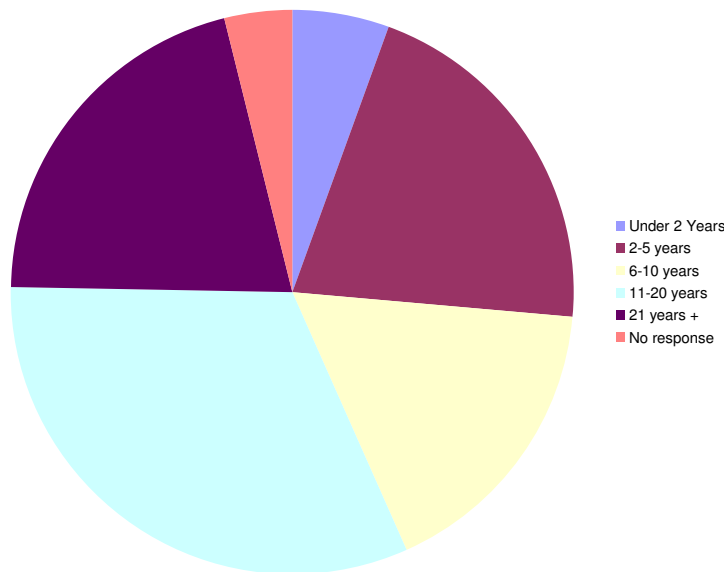
7.11 Based on the survey returns data, it appears that the majority of businesses in the Study Area are small, with fewer than 100 employees. Only 8% (10 respondents) stated that they have at least 100 employees, with almost a fifth (22/18%) of firms being micro-businesses<sup>11</sup>.

**Current Premises**

7.12 Around a third of those businesses which responded to the business survey are classified themselves as serving a 'national' market (43/34%) whilst a quarter consider that they serve all markets from a local to an international level. Around a quarter consider that they serve only a local market compared with 15% serving an international market.

7.13 In terms of business location, the majority of businesses (62%) who responded are located within existing industrial estates, compared with 13% in town centres and 16% within business parks. Only 8 of the firms which responded (6%) are located on a standalone urban site. Only 5% of respondents which have relocated to their existing premises from elsewhere were previously located outside Tyne and Wear.

Figure 7.2 How Long Businesses have been established in Gateshead



7.14 The business survey indicates that around two thirds of businesses were established within Gateshead and, as illustrated in Figure 7.2, over half have been located in their current premises for at least 10 years.

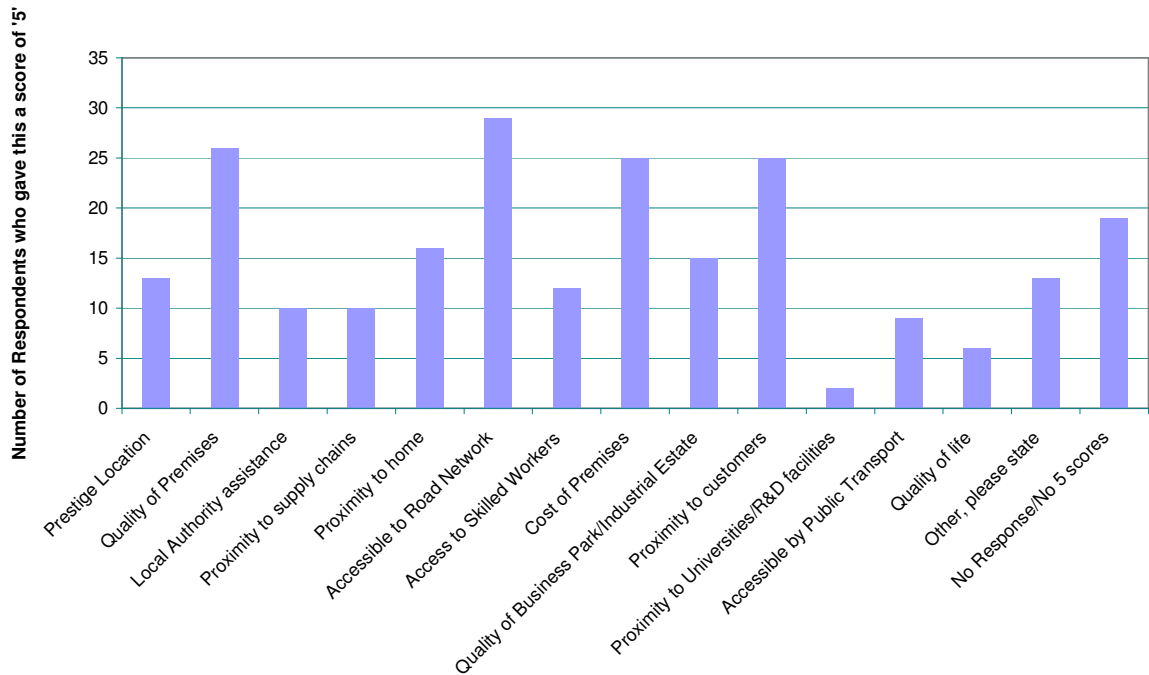
<sup>11</sup> Micro-businesses are defined as having 5 employees or less

7.15 Businesses participating in the survey were asked what factors most influenced their original choice of premises in Gateshead, with the results summarised in Figure 7.3. This demonstrates that the most important factors that affected respondents' choice of business location in the Borough were:

- a accessibility to the road network (13%);
- b quality of premises (11%);
- c proximity to customers (11%); and
- d cost of the premises (11%).

7.16 Conversely, proximity to universities/research & development (1%), quality of life (3%), accessibility to public transport (4%) and proximity to supply chains (4%) were not generally considered to be important influencing factors.

Figure 7.3 Factors influencing the location of businesses in Gateshead



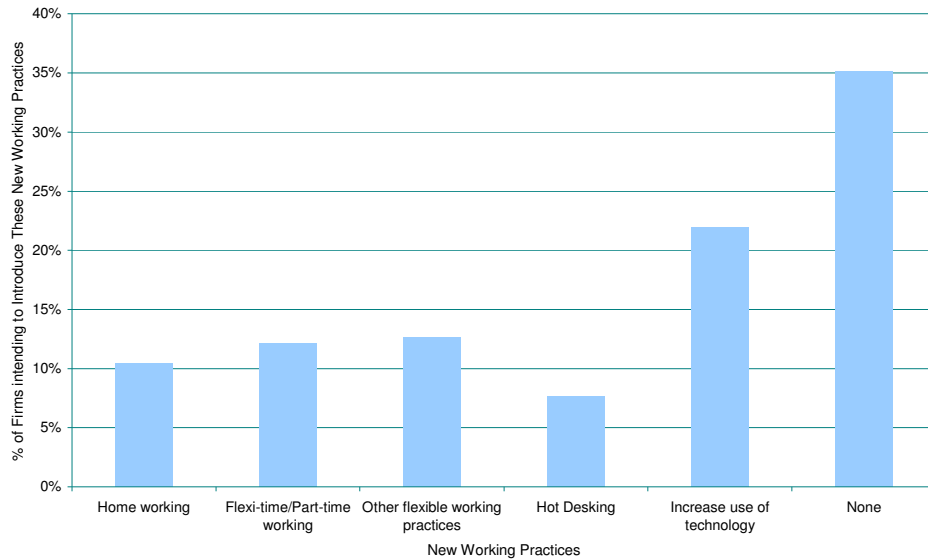
### Future Growth

7.17 Approximately two thirds of businesses considered that their existing premises were adequate to meet their future requirements (65%), whilst half (51%) did not anticipate a need to expand their current business operations for the next ten years or more. Conversely, a quarter of firms were of the view that they would require more space for expansion over the next 2-5 years.

7.18 Figure 7.4 sets out the extent to which businesses in Gateshead intend to introduce new working practices, including: flexible working, home working and hot-desking. Disappointingly, over than a third (35%) of respondents stated that they had no intention of introducing such practices for the

foreseeable future. Whilst this may demonstrate a sense of inertia amongst local businesses, it may also be indicative of the fact that a significant proportion of the companies comprised manufacturing industries, where hot desking/flexible working practices are less applicable that they would be for high density office-based companies. However, more than a fifth (22%) did indicate that they would be looking to increase the use of technology as part of their future business practices.

Figure 7.4 New Working Practices

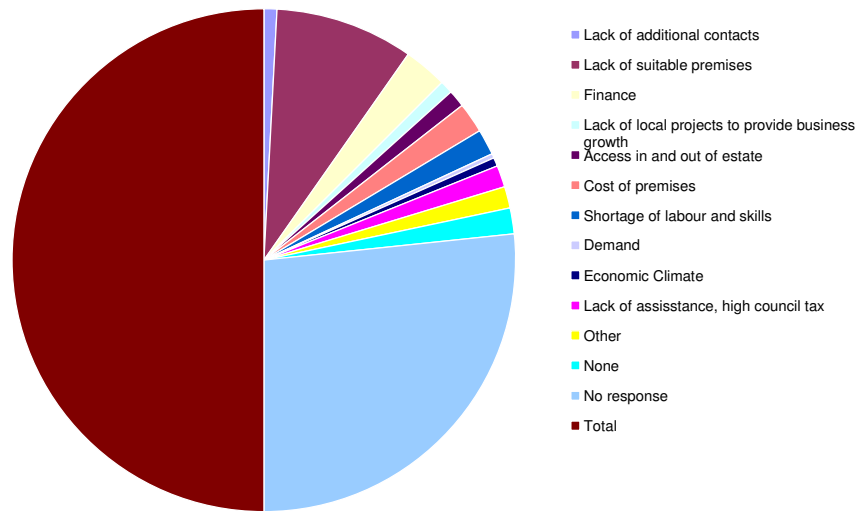


### The Study Area

7.19 Gateshead would appear to have a high retention rate of its businesses, on the basis that 50% of responding businesses stated that, if they did choose to relocate, they would do so to premises elsewhere in Gateshead. In addition, over 94% of respondents stated that if they did relocate, it would be to another location within the general Tyne and Wear area.

7.20 Respondents to the business survey were also asked what factors constrained the potential to expand their current businesses. 3% did not indicate any obvious constraints to expanding their current operations, whilst 54% did not provide a response. However, as illustrated in Figure 7.5, a number of constraints specific to Gateshead were identified, most notably a lack of suitable premises (18%); finance (6%); and cost of premises (4%).

Figure 7.5 Constraints to Expansion of Businesses



7.21 When asked how satisfied they were with Gateshead Borough as a business location, just 10% stated that they were either dissatisfied or very dissatisfied, with 20% stating that they were very satisfied. Current advantages of the Borough were perceived as being:

- Good transport links (highlighted by 25% of companies);
- Central location for staff (12%);
- Proximity to customers / links to the local area (8%);
- Proximity to Newcastle and Sunderland (5%); and
- Cost (4%).

7.22 In contrast, weaknesses of the Borough as a business location included:

- Traffic congestion, particularly on the A1 Western Bypass (highlighted by 18% of businesses, an interesting contrast with the 25% of companies who highlighted the Borough’s accessibility as a major positive attribute);
- Expensive / high rates (8%);
- Run down areas / regeneration required (5%);
- No weaknesses identified (4%);
- No support for local businesses (4%);
- Limited alternative sites (3%);
- Poor reputation (3%).

**Key Conclusions Arising from the Business Survey**

7.23 The main findings of the business consultation process can therefore be summarised as follows:

- Manufacturing continues to play a key role in Gateshead’s economy;
- On the whole, Gateshead provides accommodation that meets the needs of its existing businesses in terms of size and quality of premises;



- c Businesses in Gateshead would appear to be traditional in their nature, which is reflected by the proportion of businesses that have limited scope/willingness to introduce modern, flexible working patterns, although there is likely to be a greater focus on the use of technology in the future;
- d Movement of businesses is generally from/to elsewhere in Gateshead, with very little movement beyond the Tyne and Wear region.
- e Most businesses would choose to relocate to other premises within Gateshead, although aspirations to expand businesses or relocate within the next 10 years are relatively low.
- f Accessibility to the local road network and customers, as well as the quality and cost of premises would appear to be important factors influencing the choice of location of business within the Borough
- g Conversely, congestion on the A1 Western bypass, the lack of suitable premises, the cost of premises and financial reasons seem to be the main constraints to business expansion or growth.

## Stakeholder Workshop

### Introduction

- 7.24 To assist in the development of the ELR, a visioning workshop was held on Tuesday 10th November 2009 to discuss the work undertaken to date, to discuss the economic future of the Borough and agree how best to plan for employment land to meet these aspirations. The workshop was facilitated by NLP and storeys: ssp and attended by Council officers from Gateshead Council. 26 stakeholders were invited to attend the workshop, from a range of organisations that included One North East, 1NG, local developers, local commercial agents and Gateshead Council Officers.
- 7.25 24 stakeholders attended the workshops. The workshop commenced with a presentation by NLP, Storeys: ssp and Gateshead Council, which detailed the following:
- Key aims of the study
  - An economic analysis for the Borough
  - Main findings of the business survey
  - An overview of Gateshead's economic future
  - Supply and take-up of employment land in Gateshead
  - Employment land demand projections
  - Challenges to providing employment land in the Borough
- 7.26 Following this presentation, those attending were separated into three focus groups in order to discuss the following three issues:
- a Growth Aspirations;

b Challenges and Risks to Gateshead's Economy; and

c Sites and Premises.

7.27

The key messages emerging from these three focus sessions are summarised below:

### Group A: Growth Aspirations

- Whilst a net loss of employment land was not considered to be politically acceptable, concerns were voiced that allocating a large amount of employment space is not justifiable. The main reason noted was uncertainty about the deliverability and achievability of sites, as many larger sites remain unviable due to significant contamination; smaller sites being undeliverable due to their size; as well as the increasing prospect that public funding will not be available to help bring sites forward in the future.
- It was therefore suggested that it may be justifiable to lose some existing employment space for housing development.
- The 'elasticity' of Gateshead in terms of its ability to recover from the recession was questioned, however, set against the background that the North East has been more significantly affected and is, therefore, likely to take longer to recover.
- Notwithstanding this, it was agreed that it is important to plan for growth and not for a continued economic downturn.
- Overall, it was considered that policy control should be strengthened in relation to Gateshead's PEAs, including for Team Valley. Within the SEAs and other weaker employment areas, there may be some potential to introduce a wider mix of uses, however. There may also be scope to create a 'niche employment market' in Gateshead and a potential opportunity to provide business space for firms to support the new college, the Open University and the two universities in Newcastle.
- Whilst concerns were raised that the region's office market is becoming saturated (in the context of Silverlink, Great North Park etc.), it was considered that there are accessible sites within, and on the edge of, Gateshead Town Centre, suitable for office and mixed-use development. This would tie in with the objectives of Gateshead's Vision 2030 strategy, although it is seen to be a medium-longer term vision (possibly by around 2017) as a result of the need to create a higher skilled workforce available in the area.
- New office development / expansion within Team Valley is considered to be less achievable due to public transport and Trunk Road capacity constraints
- It was generally agreed that Baltic Business Quarter has the potential to help support the drive for digital connectivity and a diverse local economy, focussing on a higher skilled workforce.
- There was a general agreement that the market drives take up and that a flexible approach is required, with continued monitoring through the AMR.

## Group B: Challenges and Risks

- Impact of the Economic Recession on future growth in Gateshead was considered a key challenge, particularly in terms of office development. It was agreed that Gateshead is well placed to recover from the recession and may provide an opportunity for Gateshead to reposition itself, economically.
- Highway capacity issues (A1 / Western Bypass) were recognised to be a significant issue, particularly due to the Highways Agency threat of issuing Holding Directions, that could veto future development in the most desirable areas (e.g. Team Valley).
- Accessibility and transport may also be a risk to future development, particularly in terms of private sector investment. Good road access, parking and good public transport are essential to encourage a more diverse local economy. The Baltic Business Quarter, for example, is often perceived to be an out of town Business Park, rather than a central, accessible location in Gateshead.
- There is a reliance on public sector funding to make difficult sites viable and it will be essential to bring forward more sustainable sites, including in the central Gateshead area.
- The shortage of a higher skilled workforce could risk the successful diversification of Gateshead's economy. There is a recognised need to improve skill levels (particularly age 16+) and a need to regenerate the area and create a better quality of place that attracts higher skilled people and encourages a higher retention rate.
- Gateshead is perceived to be on 'the wrong side of the river' and that the town centre is run down / perceptually dislocated from the Quayside, which is discouraging investment.
- Concerns were voiced about the development of clusters of specific sectors (e.g. creation of a 'creative quarter'). A mix of sectors is recognised to have important advantages in creating a sustainable economy and that the location of employment space should be market driven and not dictated.
- Manufacturing remains to be an important industry in Gateshead. Despite being in decline nationally, it is important to plan for the growth and expansion of existing industries, as well as to attract new growth sectors. The diversification of existing businesses should be assisted, such as the expansion of existing businesses through development of environmental/renewable sectors.
- Stakeholders argued that the Quayside and Central Gateshead area should focus upon office development, as part of its wider regeneration / infrastructure improvements. This area may be more appealing to developers in the future as transport choices and spatial preferences change.
- Gateshead's rural offer should not be ignored and is considered to be a unique selling point in Gateshead.

## Group C: Sites and Premises

- Whilst development in the western area of Gateshead should be encouraged, accessibility is an issue and stand alone sites are likely to be problematic. Infrastructure needs to be put in place before development can take place and significant investment will be needed.
- Potential for growth in western Gateshead lies in the knowledge economy or financial centres, due to the less accessible and sustainable locations. Rowlands Gill may be able to provide employment opportunities.
- There is a need to maintain, utilise and develop links with tourist activities in western Gateshead. To do this, there is a need to create an environment/quality of place that attracts skilled labour.
- Clusters are more desirable within the central locations and there is potential to look locally within existing centres (e.g. Blaydon Town Centre), in order to attract new investment as part of mixed-use developments/growth.
- It was questioned whether there is an opportunity for expanding Team Valley southwards and connecting with Birtley. There is certainly a need to protect Team Valley and a stronger policy focus within.
- Whilst Birtley is slightly isolated and has access issues and a low skills base, it has future potential to take advantage of its proximity to a strong transport corridor and accessibility by public transport.
- Tyne Marshalling Yards has potential to be a high speed rail site or manufacturing uses or mixed use development, due to its rail connectivity and could benefit from use of existing transport infrastructure. Questions were raised as to whether there is sufficient demand to justify significant employment space development here.
- There may also be opportunities at Portobello Industrial Estate, primarily for B1/B2 use and start up businesses (to meet local employment needs)
- Follingsby is considered to be an important employment location, which should be protected and has potential for growth subject to a strategic review of the green belt.
- Fairfield Riverside should remain in employment use. Whilst some sites are under utilised and there may be potential to encourage new technologies (particularly renewables).
- One of the biggest challenges will be regenerating and changing the landscape of Gateshead's Quayside. The Felling bypass represents a psychological barrier and it is essential that it is better connected to the central area. The Town Centre is considered to provide significant potential for creative industries.

## Summary

7.28 The stakeholder consultation, which comprised a combination of face-to-face meetings, telephone conversations, a business survey and workshop consultation event, has provided valuable information that has informed and supported the findings of this ELR. The main conclusions arising from the consultation are as follows:

- Gateshead Borough and Tyne and Wear as a whole has a high business retention level;
- Manufacturing is likely to remain a key industry in Gateshead and expansion and diversification of this should be taken into account, rather than focussing on new growth industries only;
- Key employment locations in Gateshead (both existing and with future potential) are considered to be the Team Valley, Gateshead's Quayside, the Town Centre and Follingsby. The Town Centre in particular is considered to be a prime location for future growth, hence there was a view that any measures necessary should be undertaken to secure public/private investment in the future. The importance of planning for local growth in Gateshead's rural area, particularly in the west of the Borough, was also emphasised;
- There is a need to improve skills levels, although it is recognised that there are increasingly strong links between Gateshead College and a number of businesses that is likely to help to drive future economic growth;
- The ELR should plan for growth and not for a continued economic decline and should take into account the fact that the location and amount of employment space required will be market-driven, hence a flexible approach is required; and
- Congestion on the A1 Western Bypass and other transport issues are likely to remain key constraints to the future economic growth in the Borough.

7.29 Since the start of the study in Spring 2009, Gateshead Council has maintained a page on their website dedicated to providing latest news, reports, mapping and site specific information regarding the ELR. This is to be maintained until the updated ELR is published.

## 8.0 Planning for Employment Land Needs

8.1 This section of the report assesses the projected demand for employment land likely to be required in Gateshead Borough over the period from 2010 to 2030/2038, equating to the Core Strategy plan period and also 25 years hence from the likely adoption of the JCS. Consideration is also given to the type of employment space likely to be required over the study period.

8.2 To estimate the broad scale and type of further employment land required, a number of different indicators and factors have been considered. The principal approaches most commonly used when assessing future employment land needs are based on:

- a forecasts of employment growth in the main B class sectors;
- b projecting forward past take-up trends of employment land, with adjustments (if necessary) to reflect changing economic conditions;
- c considering population forecasts and future growth of local labour supply and the amount of jobs and employment space that this can support.

8.3 All these approaches have some limitations and need to be considered together along with other indicators to give a robust view of future employment space needs. In addition, the economic growth potential and likely demand for employment space in Gateshead needs to be assessed under a range of different future scenarios.

## Factors effecting Future Employment Space Needs

8.4 Given the differing pictures indicated by the employment-based estimates and past-take-up trends, a range of other indicators have also been reviewed to inform a judgement of where the best estimate of future needs should lie. Some of these factors pull in different directions and a balance has to be drawn between them.

8.5 **Trends in the national economy** will clearly be a significant factor affecting future demand for employment space. The UK is currently experiencing a major economic slowdown and financial credit shortage which has culminated in a severe recession. As yet, there is no agreement amongst economists as to when we are likely to see a recovery. While this study estimates employment space requirements over a 28 year period, over which short term fluctuations should even out, the past development rates assessed do not reflect this degree of slowdown and may need to be adjusted to reflect the future adverse outlook.

8.6 Levels of **new business start ups** provide an indication of the number of new firms starting-up or expanding in the Borough, and this will influence the amount and type of employment space required in future. Growth of VAT registered firms in Gateshead rose by 33% between 1994 and 2008, a rate far higher than elsewhere in Tyne and Wear and Great Britain as a whole

over the same period. This indicates that the Borough's economy benefits from an increasingly strong entrepreneurial culture and suggests that growth in demand for additional employment space as new firms start up and grow could be considerable.

- 8.7 The need to **replace land or premises lost** (or released) to other uses to maintain the level of the current stock of employment space has been considered. Since 2000/01, there has been an average annual loss of 2.99ha of employment land to other uses. Much of this relates to small sites and there is a need to ensure adequate space exists for relocation of displaced firms. Some replacement of space lost to housing or other uses may also be needed if the current level of stock is to be maintained, or if any further large sites are to be released to other uses, although use of net take-up rates would assume some losses anyway.
- 8.8 **Vacancy levels** and floorspace availability provide another indicator of the balance between current supply and demand for employment space. A typical vacancy rate in a normal market would be around 8/10% to allow for movement and expansion of firms and a choice of locations. Evidence suggests that vacancy rates for industrial properties in the Borough currently stand at around 12.5, up from 8.5% in December 2009 which could indicate growing levels of oversupply in the market. It remains, however, a relatively healthy rate, particularly given the current recession. There may even be a slight under-supply, particularly with regards smaller units. However, as regards commercial office space, agents suggest that vacancy rates may be as high as 20% for units, and as high as 29% for office floorspace, which is very high and is a clear indication of over supply. A vacancy rate of this magnitude would generally be considered undesirable in the long term and indicates that there may be a substantial amount of office supply in Gateshead that is currently under-utilised.
- 8.9 Looking at **commuting patterns**, the importance of Gateshead as a source of employment opportunities is most keenly felt in the adjacent authorities, with more than 41,000 residents commuting into Gateshead for work, predominantly from the other local authorities of Tyne and Wear – equivalent to almost half (48.9%) of all workplace jobs in the Borough being filled by non-residents. The travel-to-work flows yield a net inflow of around 5,970 workers; however, Gateshead is considered to be relatively self contained, particularly when one considers that a further 23% of residents travel across the river into Newcastle for work; taking this into account, 77.1% of Gateshead's working residents either work in NewcastleGateshead. There will still be a need to maintain the supply of good quality jobs available locally to prevent out-commuting increase in the future.
- 8.10 Other factors which could moderate future levels of employment space needed include the growing trend to **relocate certain business operations** to lower-cost locations overseas, often referred to as "off-shoring". The industries with the highest propensity for this have typically included communications, banking and finance, and some business services, in which

Gateshead has a moderate representation. The Borough also has a lower representation of other important knowledge based industries. At the same time, industrial firms are tending to move manufacturing operations to lower cost countries while maintaining UK distribution functions. Over time, this factor could reduce employment space needs in Gateshead, particularly given its high representation in manufacturing, although the likely scale remains unclear.

8.11 Another factor which would tend to reduce the amount of additional employment space needed in the future is the ability to achieve economic growth without corresponding increases in demand for employment space or labour, known as '**smart**' or '**landless**' growth. This could reflect increased automation, increased floorspace densities/plot ratios, labour productivity improvements, hot-desking, working from home, or more overtime working by current staff. Again, it is difficult to quantify the extent of this effect, although there is some anecdotal evidence in Gateshead that recent job growth has not been reflected to its fullest extent in subsequent employment land take up rates. Over the long term, a shift from industrial to higher density office based jobs should reduce land needs but this also implies a need for higher value jobs and skills.

8.12 **Competition** to economic growth in Gateshead Borough from surrounding districts and other regional centres such as Leeds and Manchester could also constrain future demand and hence the scale of employment land provision. Major developments and land supply in adjoining areas e.g. Quorum in Newcastle and Cobalt in North Tyneside could compete for larger office or industrial relocations. This factor may moderate the levels of growth and industrial/office relocations that Gateshead could expect to attract, although the Borough (as part of the NewcastleGateshead conurbation) remains an internationally recognised centre and is still the driving force for economic growth in the City Region.

## Growth Scenarios

### A. Job Forecasts Model

#### Methodology

##### 2010 ELR Scenario Modelling

8.13 To help inform the development of the North East Regional Spatial Strategy, CEBR were commissioned to model a range of economic growth scenarios for the Region, as summarised below:

- Bronze Scenario: economic growth of 2.3% per annum;
- Bronze/ Silver2 Scenario: economic growth of 2.8% per annum(used within the RS).



- 8.14 To ensure the alignment of the earlier draft of the ELR with the regional policy framework, the CEBR scenarios were used as the basis to develop a range of growth scenarios for the Study Area. An additional growth scenario, incorporating the growth aspirations of the County Durham Economic Strategy, was also used to inform the initial study. This Gold scenario was underpinned by an economic growth rate of 4.3% per annum<sup>12</sup>.
- 8.15 The three scenarios, which provided sectoral employment growth at regional level, were subsequently adjusted to provide job growth forecasts at the Local Authority level by Experian Business Strategies. The adjustments were made using Experian's sub-regional economic model. This takes account of the existing economic structure of each Local Authority and the historical relationship between the regional performance of an industry and the performance observed at the Local Authority level.
- 8.16 It should be noted that as the Experian baseline assumes a much deeper contraction in the short-term, longer term growth rates are consequently relatively strong as the economy 'catches up' to its long term rate (i.e. goes back to 'business as usual'). When these relatively fast growth rates are taken forward, the result is that long term employment levels in the baseline are slightly higher than in the bronze 2.3% forecast. Consequently, a scenario was commissioned that kept the deep contraction in the short term, but also dampened growth post-2020 for the baseline. This pessimistic forecast, which does not assume a reversion to the 'business as usual' model of long term employment growth, was subsequently termed the 'severe recession' scenario.
- 8.17 In addition, a further scenario was developed for Gateshead. This took the employment forecasts for 2008-2013 from the Experian Baseline/Public Sector Contraction Scenario and applied the annual growth rates from the Bronze/Silver2 Scenario to cover the period 2013-2037. This ensured that the forecasts were more consistent at a strategic level, as many other ELRs in the region use the Bronze/Silver2 Scenario to identify future land requirements, and is also in line with the work undertaken by Newcastle City Council to inform their own ELR. Called the 'Long Term Recovery' Scenario, it factored in the continuing impact of the economic downturn and assessed the implications in terms of a recovery in the long term for Gateshead, driven by increasing employment in office-based occupations.

### 2012 ELR Updated Scenarios

- 8.18 Following the publication of the original Gateshead ELR in 2010, the planning teams at Gateshead Borough and Newcastle City Councils decided to commission new demographic projections capable of providing a

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<sup>12</sup> The County Durham Economic Strategy states that in order to truly narrow the output gap between the County and the UK, GVA would need to increase from £5.5billion to £8billion by 2012/13. This represents an annual growth rate of 4.3%.

consistent and up-to-date set of projections to inform the Joint Core Strategy. It was considered that given the prolonged economic slowdown, the previous CEBR forecasts were out-of-date. With the exception of the 'Long Term Recovery' Scenario, which factored in the economic downturn, none of these earlier scenarios were taken forward in the updated employment land modelling work.

- 8.19 Employment projections were purchased by the two authorities from Cambridge Econometrics (CE) in summer 2011. The annual data covered the 50 year period from 1981-2030 inclusive, at three different geographic areas: the administrative areas of Newcastle and Gateshead Councils and the North East region.
- 8.20 St Chad's College (Durham University) were subsequently appointed to analyse the CE projections alongside the latest official population projections from the ONS. Using modelling techniques, the compatibility of these two sets of projections was analysed.
- 8.21 Between 1981 and 2010 employment in both Newcastle and Gateshead grew at a faster rate than the North East, and employment in Gateshead grew at a faster rate than Newcastle. Accordingly, GVA in Gateshead grew at a much faster rate than Newcastle and the North East over this period.
- 8.22 There have been different rates of growth and decline for employment sectors in Newcastle and Gateshead. Business and financial services, and public services grew faster in Gateshead (though in real terms, Newcastle increased by larger numbers of jobs). Retail distribution and transport, and construction shrunk in Newcastle but grew in Gateshead. Manufacturing shrunk more in Newcastle than it did in Gateshead.
- 8.23 Gateshead's higher rate of employment and GVA growth was not reflected in Cambridge Econometrics projections when compared to growth in the North East, or in Newcastle. To better reflect Gateshead's historic growth rates, and the current split of employment between Newcastle and Gateshead an 'alternative' scenario was developed by St Chad's. This projection retained the overall level of growth identified by CE, but better reflects Gateshead's current employment share (36% of total jobs in Newcastle and Gateshead).
- 8.24 Both Newcastle and Gateshead are projected to increase employment by 7% - a total of roughly 22,000 additional jobs between 2010 and 2030 (around 8,000 in Gateshead, and 14,000 in Newcastle). The largest increase will be in the business and financial services sector group, and in particular within professional services.
- 8.25 **In summary, the following three scenarios have been used to underpin the quantitative econometric modelling:**

**1 Long Term Recovery (average 3.1% GVA growth per annum);**

2 **Cambridge Econometrics Baseline Scenario** (average 2.1% GVA growth per annum);

3 **St Chad's Scenario** (average 2.2% GVA growth per annum).

8.26 In order to translate the resultant job forecasts into estimates of potential employment space, it was necessary to allocate the level of employment change forecast for office, industrial, and wholesale/distribution uses as follows:

- The office floorspace requirement is related to job growth/decline in the financial and business service sectors<sup>13</sup>;
- The industrial floorspace requirement is related to job growth/decline in the manufacturing sectors<sup>14</sup>; and
- The wholesale/distribution floorspace requirement is related to job growth/decline in the three SIC sectors of wholesaling, transport and communications for the Experian forecasts (distribution, land transport and communications for the CE/St Chad's forecasts)<sup>15</sup>.

8.27 In order to translate the resulting figures into employment land projections, employment densities (as recommended in the HCA Employment Densities Guide 2<sup>nd</sup> Edition 2010<sup>16</sup>) and plot ratios by use class were then applied to the job change figures to translate these into employment land projections.

8.28 Both the Experian forecasts and the CE/St Chad's forecasts provide head count figures (i.e. total employment), rather than Full Time Equivalents [FTEs], with the latter required for conversion purposes. As such, it was necessary to translate the head count figures generated by the econometric forecasters into FTEs. It is generally accepted that 1 FTE equals one full time job or two part time jobs. Following a review of the latest BRES 2010 forecasts for Gateshead, it was apparent that on average, 88% of jobs in B1 related industries were full time, compared to 96% in B2 related industries and 92% in B8 related industries. This equated to a conversion factor of around 0.9. Hence it was assumed that 1 job equates to 0.9 FTEs.

<sup>13</sup> i.e. Business Services, Banking and Insurance Other Financial and Business Services, publishing and part of Public Administration and Defence for the Experian forecasts; Banking and Finance, Insurance, Computing Services, Professional Services, Other Business Services, Publishing and part of Public Administration and Defence for the CE/St Chad's forecasts.

<sup>14</sup> Excluding publishing, but including part of construction and wholesaling in the case of the Experian forecasts; construction and distribution for the CE/St Chad's forecasts.

<sup>15</sup> It should be noted that the three categories relating to warehouse/distribution issues include a wide number of activities which operate in different types of space that would not normally be defined within this category (e.g. SIC4 'taxi operators' are included within the general 'transport' SIC2 employment category, but clearly do not operate out of warehouse-type units). A detailed analysis of the most recent SIC 4 data from the ABI statistics database for 2008 (used for consistency purposes over the more recent BRES database) indicates that across Gateshead, 75.1%, 47.3% and 62.1% of jobs in the wholesaling, transport and communications categories, respectively, are considered to contribute to the need for warehouse/distribution employment land. On this basis, the Experian data for these three industrial classifications were reduced, by approximately a third, to remove non-'B8' (warehousing/distribution) based uses from the statistics. A similar approach was taken to the CE/St Chad's forecasts. It was assumed that this proportion remains relatively constant over the study period.

<sup>16</sup> HCA OffPAT (2010), Employment Densities Guide, 2<sup>nd</sup> Edition

8.29

It was thereafter assumed that:

- One FTE B1a/B1b general office job requires 14sqm of employment floorspace (GEA);
- One FTE B1c light industrial job requires 50sqm of employment floorspace (GEA);
- One FTE B2 industrial job requires 37sqm of employment floorspace (GEA);
- A combined B1c/B2 factor of one FTE job per 44sqm was obtained by taking an average of the aforementioned B1c/B2 GIA equivalents;
- One FTE warehousing/distribution job requires 70sqm of employment space (GEA);

8.30

It has been assumed that a gross area of 1ha is required to develop 4,000sqm of out-of-centre office, industrial or warehousing/distribution space (equal to a plot ratio of 40%). For town centre office space, previous studies elsewhere in the country (see Arup/Donaldsons' Demand for Employment Land in Greater Manchester, 2006) use 200% as an appropriate plot ratio when calculating employment land requirements in City Centres, whilst Newcastle City Council and Storeys Edward Symmons (see Appendix 15) have undertaken primary research that indicates a plot ratio of 300% would be more appropriate<sup>17</sup>. This latter figure necessarily assumes an office building of six stories in height, with 50% plot coverage<sup>18</sup>.

8.31

An example of how the plot ratios were applied to various land uses and locations is provided in Table 8.1 below<sup>19</sup>:

Table 8.1 Calculation of Plot Ratios

Location	Typical Plot Coverage	Typical No. of Storeys	Plot Ratio Used
<b>B1a office: Gateshead Town Centre</b>	50%	6	<b>300%</b>
<b>B1a office: Edge of Centre</b>	50%	6	<b>300%</b>

<sup>17</sup> The capacity of mixed-use sites to accommodate B-class uses varies, and until masterplans have been produced, cannot be estimated with a high degree of accuracy. Having regard to the list of sites and range of uses that would be acceptable we have assumed that a 50% employment component is appropriate in accordance with the approach taken by Newcastle City Council for their ELR.

<sup>18</sup> This approach necessitates splitting the employment growth in B1a sectors into 'town centre' and non-town centre growth and applying the 300%/40% plot ratios accordingly. In determining the likely split, it was considered that past rates of office development in out of centre locations in the Borough would be an unreliable indicator of future rates, given the increased emphasis in PPS4 on developing 'town centre uses' such as offices in or adjacent to existing centres. The presence of an up-to-date SHLAA will also reduce likely out-of-centre windfall office development. Hence it is not considered unreasonable that around 75% of future office development is likely to be at higher densities at 'in-centre', accessible locations.

<sup>19</sup> It should be noted that a few employment sites located within the broad areas discussed in Table 17 have different plot ratios in Appendix 14, which are more generally based on site-specific detailed planning applications.

<b>B1a office: Quays and BBQ</b>	50%	6	<b>300%</b>
<b>B1a office: Dunston PEA</b>	20%*	2	<b>40%</b>
<b>B1a office: Out of Centre</b>	40%	1	<b>40%</b>
<b>B1b/B1c/B2/B8: All locations</b>	40%	1	<b>40%</b>

\*Note – this is based on the potential for mixed use on many of the Dunston sites, hence an assumption has been made of the likely proportion of land that may remain for 'B'-class employment uses

- 8.32 The demand projections generated via this employment forecasting technique represent a net future requirement for employment levels and do not take into account any future losses to non-employment uses. It is therefore necessary to adjust these figures in order to reconcile them against gross projections generated by analysing historic take up rates.

### Employment Growth

- 8.33 Before presenting the job growth outcomes from the scenarios it is worth highlighting, in broad terms, limitations in how these outcomes were generated:
- 1 they are predominantly trend-based estimates projecting historic growth patterns into the future;
  - 2 they do not reflect job growth across the rest of the economy, e.g. in sectors such as retail, health and education sectors which, in many instances (particularly health) are key growth sectors for the future.
  - 3 such forecasts tend to be most reliable at regional and national scales than at the local economy level, but can indicate the broad scale and direction of economic growth in different sectors and provide some guidance to assess future land requirements.
  - 4 It is important to recognise that there is not always a clear cut relationship between employment change and employment land needs. Additional employment space can be needed even if employment itself is falling, for example if a manufacturing firm requires more space to enable greater automation and achieve job reductions through productivity gains.
- 8.34 The St Chad's Update 2012 employment projections for Gateshead indicate that overall, there will be moderate growth in employment in the 30 defined sectors for the period 2010-2030 of around 7,800 (7.3%), although this growth masks significant decline in a number of strong existing sectors including manufacturing (-6% overall), electricity (-33%) retail (-7%), computing services (-6%) and public administration and defence (-3%) sectors anticipated to experience the greatest proportional and absolute decline. However, these losses are more than outweighed by strong increases in sectors including construction (+16%); hotels and catering (+13%); Professional Services (+45%); Other Business Services (+14%); Health (+13%) and particularly Miscellaneous Services (+55%).

Table 8.2 Projected Employment Change 2010-30, St Chad's Baseline (Spring 2012)

Industrial Sector	Total 2010-30	% Growth
1 Agriculture etc	0	0.0%
2 Coal	0	0.0%
3 Oil & Gas etc	0	0.0%
4 Other Mining	0	0.0%
5 Food, Drink & Tob.	-400	-23.5%
6 Text., Cloth. & Leath	-100	-33.3%
7 Wood & Paper	-100	-20.0%
8 Printing & Publishing	-100	-16.7%
9 Manuf. Fuels	100	100.0%
10 Pharmaceuticals	0	0.0%
11 Chemicals ne	-900	-52.9%
12 Rubber & Plastics	-100	-14.3%
13 Non-Met. Min. Prods.	-100	-25.0%
14 Basic Metals	0	0.0%
15 Metal Goods	500	13.2%
16 Mech. Engineering	100	5.9%
17 Electronics	-100	-12.5%
18 Elec. Eng. & Instrum.	0	0.0%
19 Motor Vehicles	200	50.0%
20 Oth. Transp. Equip.	0	0.0%
21 Manuf. nes	100	14.3%
22 Electricity	-200	-33.3%
23 Gas Supply	0	0.0%
24 Water Supply	0	0.0%
25 Construction	1,600	15.8%
26 Distribution	100	1.6%
27 Retailing	-900	-6.9%
28 Hotels & Catering	600	12.8%
29 Land Transport etc	0	0.0%
30 Water Transport	0	0.0%
31 Air Transport	0	0.0%
32 Communications	100	2.6%
33 Banking & Finance	100	6.3%
34 Insurance	0	0.0%
35 Computing Services	-100	-5.6%
36 Prof. Services	2,700	45.0%
37 Other Bus. Services	1,100	13.8%
38 Public Admin. & Def.	-300	-2.8%
39 Education	0	0.0%
40 Health & Social Work	1,700	13.1%
41 Misc. Services	2,100	55.3%
<b>TOTAL</b>	<b>+7,800</b>	<b>7.3%</b>

Key:

>10% Growth

>10% Decline

8.35

Tables providing the projected change in employment for each of the three scenarios, broken down in five year time periods, are presented in Appendix 6. Table 8.3 and Figure 8.1 summarise the level of total net employment

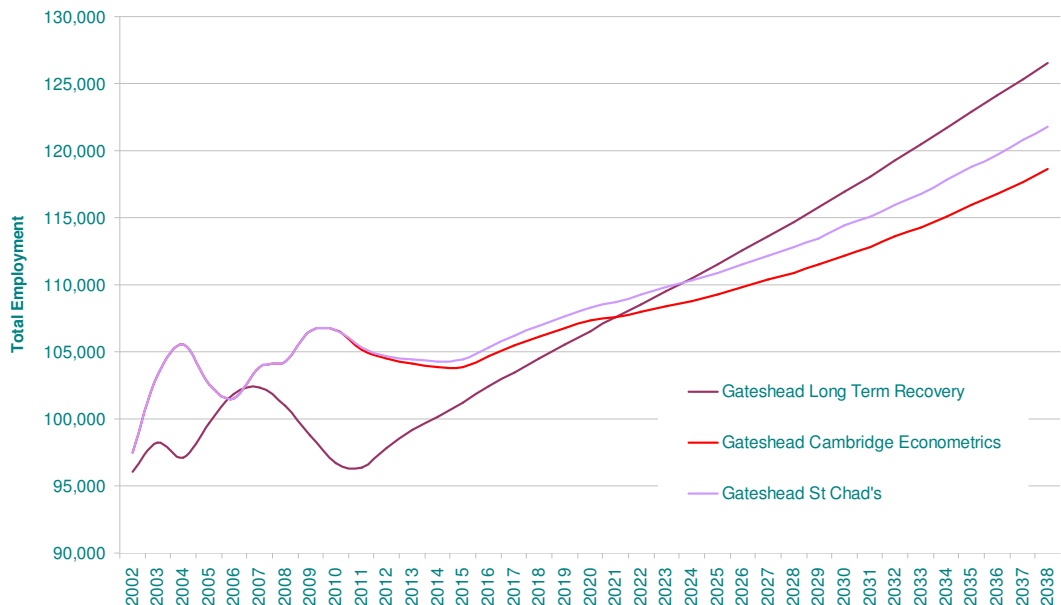
change forecast over the period 2010 to 2038 for Gateshead Borough under each of the growth scenarios.

Table 8.3 Projected Employment change 2010-38

Scenario	2010-30		2010-38	
	Total	% Growth	Total	% Growth
Experian Long Term Recovery Scenario	20,270	+21.0%	29,890	+30.9%
Cambridge Econometrics Baseline	5,600	+5.3%	12,000	+11.3%
St Chad's Scenario	7,800	+7.3%	15,200	+14.3%

8.36 As might be expected, the total amount of net employment growth over the period 2008-37 is strongest under the earlier Experian Long Term Recovery Scenario, with a substantial increase of 20,270 to 2030, and almost 30,000 by 2038. The 20 year time horizon for this scenario is particularly stark when compared to the CE and St Chad's forecasts, with levels of growth almost four times higher than the CE forecast. This is partly due to the overly optimistic recovery rates forecast previously – the Experian scenario suggests that employment growth would begin to recover as early as 2011, whereas the continued economic downturn suggests that the CE and St Chad's estimates of a much later return to employment growth (2014/2015 respectively) appear more realistic.

Figure 8.1 Total Employment Growth in Gateshead Borough 2001-2038, Analysis of 3 Scenarios



Source: Experian / CE / St Chad's / NLP analysis

8.37 Table 8.3 and Figure 8.2 set out the projected change in employment within the B-class categories in the period 2010-2038 for the three scenarios.

8.38 Overall, the econometric forecasts are broadly consistent in terms of the sectors forecast to grow/decline, with only the scale of magnitude differing across the scenarios, hence B1a office growth ranges from +3,233

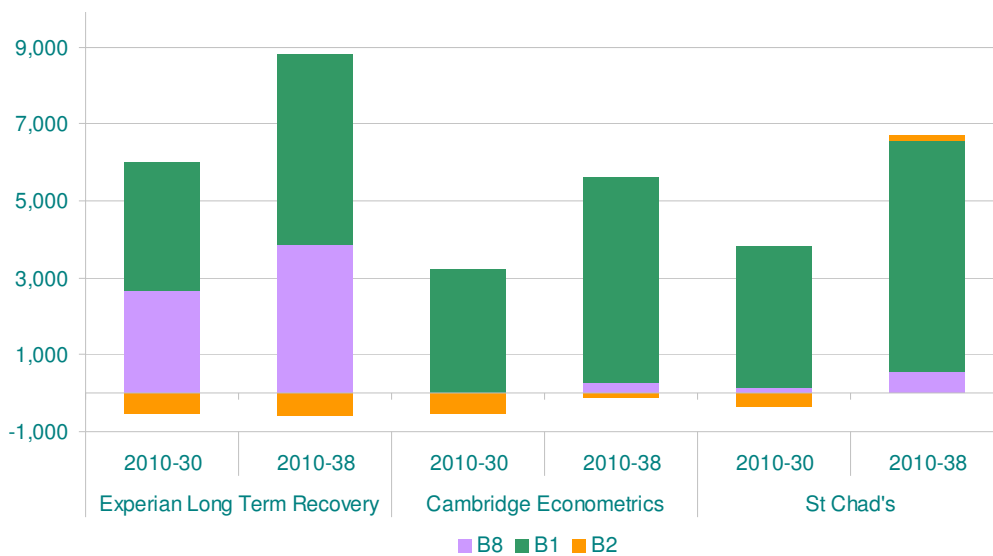
employees to 3,693 (2010-30); manufacturing forecast to decline with the exception of the St Chad's long term forecasts to 2038 (ranging from -522 to -333 2010-30). The B8 forecasts demonstrate the main differences between the Long Term Recovery scenario and the CE/St Chad's scenarios, with strong growth originally forecast in the wholesaling and communications sectors, which are downplayed in the more recent forecasts. The table demonstrates the extent to which the economy will be particularly reliant on employment growth in sectors not traditionally associated with B-class employment land (particularly health).

Table 8.4 B-Class Employment Growth Forecast 2010-38

		B1a Office	B1b/c B2 Industrial	B8 Storage Distribution	Total non-B-Class
<b>Experian Long Term Recovery Scenario</b>	<b>2010-30</b>	3,333	-522	2,687	14,776
	<b>2010-38</b>	4,963	-572	3,851	21,645
<b>Cambridge Econometrics Baseline</b>	<b>2010-30</b>	3,233	-513	0	2,880
	<b>2010-38</b>	5,314	-92	301	6,477
<b>St Chad's Scenario</b>	<b>2010-30</b>	3,693	-333	137	4,302
	<b>2010-38</b>	6,005	136	560	8,499

Source: Experian / St Chad's / CE / NLP analysis

Figure 8.2 B-class Employment Growth in Gateshead (employment)



8.39

It is again stressed that whilst econometric forecasts can provide a helpful starting point as to the likely future requirements for employment space, some degree of caution needs to be applied, due to the wide range of factors that shape economic outcomes locally. Clearly, the starting point for this assessment, 2010, represents a time when productivity in the economy is at a low point, and hence the forecasts have had to factor in the impact of



continued economic slowdown (albeit recognising that, all three scenarios assume that the economy will recover in the medium to long term).

8.40

These adjusted job growth forecasts were subsequently translated into employment land requirements through the translation of jobs to FTEs; and the application of standard employment densities, vacancy rates and plot ratios, using the methodology set out earlier in this section. A detailed breakdown of the net floorspace and land requirements, in five year intervals, for Gateshead Borough is provided in Appendix 7. For Gateshead Borough, this generates a net employment land requirement of between –1.7 and 40.6ha for the period 2010-2030 as indicated in Table 8.5.

Table 8.5 Net Employment Land Forecasts 2010-2030/38 (ha)

		B1a Office	B1b/c B2 Industrial	B8 Storage Distribution	Total-B- Class
Experian Long Term Recovery Scenario	2010-30	3.7	-5.4	42.3	<b>40.6</b>
	2010-38	5.5	-5.9	60.7	<b>60.2</b>
Cambridge Econometrics Baseline	2010-30	3.6	-5.3	0.0	<b>-1.7</b>
	2010-38	5.9	-0.9	4.7	<b>9.6</b>
St Chad's Scenario	2010-30	4.1	-3.4	2.2	<b>2.8</b>
	2010-38	6.6	1.4	8.8	<b>16.8</b>

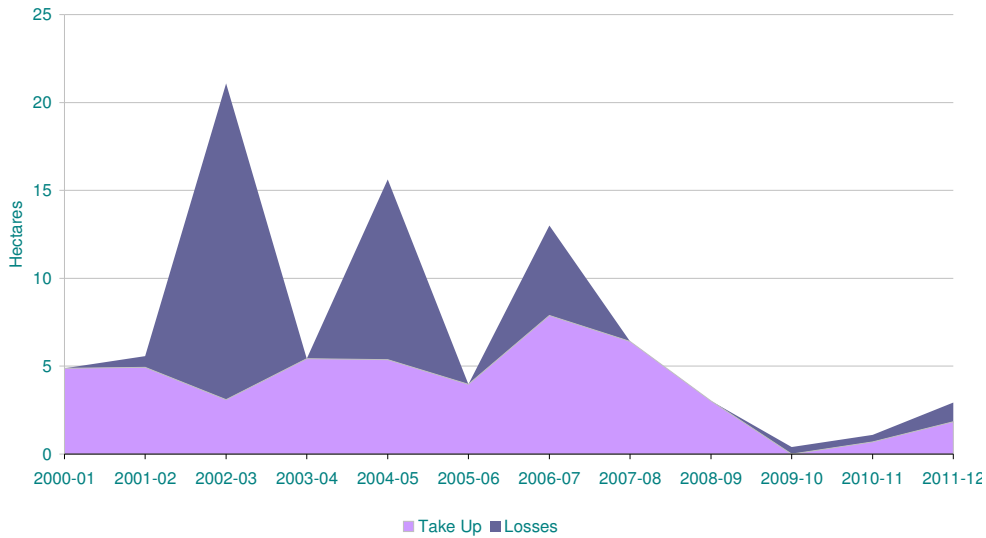
Source: Experian / St Chad's / CE / NLP analysis

### Past Take-up Rates – Results

8.41

The take-up of commercial office/industrial space in Gateshead Borough has been obtained from a detailed analysis undertaken by Storeys Edward Symmons for the period 2000/01 to 2011/12. The data indicates that, in the past 12 years, 83.41ha of allocated/ committed employment land had been taken up for development, which equates to approximately 6.95ha per year. Of the land that was specifically developed for B1, B2, B8 use, this equated to 47.50ha, or **3.96ha per annum, with an average of 2.99ha lost to non-employment uses per annum**. The detailed analysis of past take up is provided in Appendix 12.

Figure 8.3 Development rates (ha) within Gateshead 2000/01 to 2011/12



Source: Gateshead Borough Council/ Storeys Edward Symmons

- 8.42 Figure 8.3 illustrates the peaks and troughs in development in the Borough in recent years. It demonstrates that take up peaked in 2002/03, at 21.09ha, predominantly related to losses of allocated employment land, due to Dunston Staithes residential development and 3ha lost at Former CWS site, Shields Road. The peak of 7.88ha developed in 2006/07 for B-class employment related to a mix of sites, including 3 large industrial units at Follingsby Park and Bankside and Staithes developments at Metrocentre Riverside Park.
- 8.43 It is interesting to note that take up was still reasonably high for 2007/08, although since that time due to the recession and the continued economic slowdown in its aftermath, all development has declined, with less than 0.4ha constructed on employment land in 2009/10.
- 8.44 At a very basic level, projecting the employment land take up forward to 2030/38 could suggest a requirement for around **139ha/195ha** net of employment land. It is recognised that this presumption is based on a limited data source and does not factor in the likely impacts of a depressed demand arising from the economic downturn, which could reduce take-up significantly in the short to medium term.
- 8.45 It is considered that a strong argument could be made that the very high levels of take up that have appear to have been achieved 2000/01 to 2007/08 are unlikely to continue over the plan period for a combination of reasons including the move towards a more Business Services-orientated economy, with significantly higher employment densities (although, to an extent, this may be balanced out by the need for new B8 distribution warehousing in the Borough); the restructuring of the traditional manufacturing economy, with the potential for ‘recycling’ of older sites; the long term impacts of the recession and the significant reduction in public sector spending available to deliver difficult brownfield sites; and the need to

consider alternative uses for existing B-class allocations (i.e. for waste and recycling).

- 8.46 Against this is the fact that the past take up rates have already included four years of significantly depressed construction rates on employment land, which equates to a third of the total time horizon assessed.
- 8.47 NLP's considered view is that justification could be made for take up rates to reduce by a third in the years to come. This would have the result of decreasing the take up scenario to **52.8ha net 2010-30 (73.9 2010-38)**<sup>20</sup>.

## Gross Employment Space/Land Projections

- 8.48 It is necessary to adjust the net employment land projections in order to reconcile them against gross projections generated by analysing historic take up rates and losses for planning purposes.
- 8.49 For this purpose, data on recent losses of employment land has been made available by Gateshead Borough Council and outlined above. Based on the long term data, this data indicates that, over the last ten years, some 35.91ha of B1/B2/B8 employment land has been lost to alternative uses, an annual average rate of **2.99ha** per annum. If this level of loss were to continue in future, some **83.8ha** would need to be provided over the 28 year plan period just to maintain the current employment land stock.
- 8.50 In determining whether this recent rate of losses is likely to be maintained in future, a number of factors were considered:
- the immediate and long term impacts of the current economic downturn reducing development pressure for redevelopment of employment sites for alternative uses;
  - whether the remaining allocated employment sites have particular constraints likely to deter non-employment uses (i.e. contamination); and
  - exceptional developments in past losses data that are unlikely to be repeated in future (i.e. the loss of the Dunston Staithes employment allocation to housing).
- 8.51 Conversely, other factors suggest that the rate of employment land lost to alternative uses may actually increase or at least remain reasonably constant going forward:
- the GMBC SHLAA work undertaken to date has identified a number of employment allocations/existing industrial sites that may be better suited to residential/mixed uses.

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<sup>20</sup> Calculation: average annual take up = 3.96ha, x 20 years = 79.2ha; two thirds of 79.2ha = 52.8ha

- national planning policy explicitly encourages the removal of protection for existing employment sites for which there is no reasonable prospect of economic development. The NPPF also encourages the conversion of offices to residential provided there are not strong economic reasons why it would be inappropriate;
- the past losses data includes a substantial period of time (four years) when the economy has stalled, with only 1.9ha being developed for non employment uses since 2007/08;
- Agents were of the view that although many of the ‘vulnerable’ employment sites situated in residential areas had been developed for alternative uses in the boom years, the remaining portfolio still included a number of relatively attractive industrial sites (from a house builder’s perspective).
- there is an argument that not all such losses of employment land should necessarily be replaced or reflected in an increased gross land requirement. This would be on the basis that Gateshead’s stock of employment land contains some older sites less likely to meet future needs and is of a scale that reflects past industrial patterns, rather than the amounts of land needed in future.

8.52 In view of the above, it is suggested that the past rate of losses, 2.99ha, remains a reasonable basis to go forward, although this should be monitored by GMBC over the next few years and adjusted as necessary. Gateshead Council do not record the type of employment land lost, hence it is not possible to directly translate future losses into B1/B2/B8.

8.53 In summary, by factoring in the likely net losses of employment land to the job-forecast-based net projections presented above would generate a **gross employment land requirement of between 58.1 and 100.4ha for the period 2010-2030<sup>21</sup>**.

### **Adjusting the Margin of Choice**

8.54 Even where the identified demand for employment land is likely to decrease, it is considered that allowance should be made for new development coming forward to reduce risk of stagnation and further decline in the market and cater for unforeseen requirements. Consequently, it is desirable to allocate more land than is likely to be used, as some land may not come forward for development in the short to medium term (if at all). This is particularly the case for those sites which have been carried over from past plan periods and those with significant constraints to overcome.

8.55 It is standard practice to allow for a degree of flexibility, or ‘**margin of choice**’, in the allocations by applying a stated factor in the demand calculations. This reflects the need for a fairly generous additional

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<sup>21</sup> Calculation: CE Forecasts net additional employment land requirement = -1.7ha; + 20 years of employment land losses (2.99 x 20 = 59.8) = 58.1ha

allowance on top of the initial estimate of employment space needs for a number of reasons, including:

- as a margin for error given the uncertainties in the forecasting process;
- to allow developers and occupiers a reasonable choice of sites;
- to allow for reasonable vacancy levels to facilitate ‘churn’ in the market
- to give some flexibility and decanting space while older premises are redeveloped and new premises are coming forward; and
- to cope with factors such as some allocated sites not coming forward and some redundant industrial sites not being suited for new employment uses.

8.56 A conservative margin of choice equal to 2 years worth of past take up was applied. This is considered to be an appropriate and relatively modest margin of choice on the basis that this allows for flexibility in terms of the likely 1-2 years lag between the grant of planning permission and the implementation of the scheme, and would reduce the risk of oversupply of employment land in the Borough.

8.57 **Consequently, by adding on an allowance for replacement of losses and factoring in two years of take up (based on long term trends) to allow a margin for choice, this results in a gross total requirement of approximately 66.0 – 108.3ha between 2010 and 2030, rising to 101.3ha-151.9ha to 2038.**

8.58 The econometric model steps are summarised in Figure 8.4. The same steps described above to convert the net employment projections from net to gross (with a 2 year margin of choice) have been applied to the net historic take up figures described above for consistency.

Figure 8.4 Methodology for Defining Gross Requirement



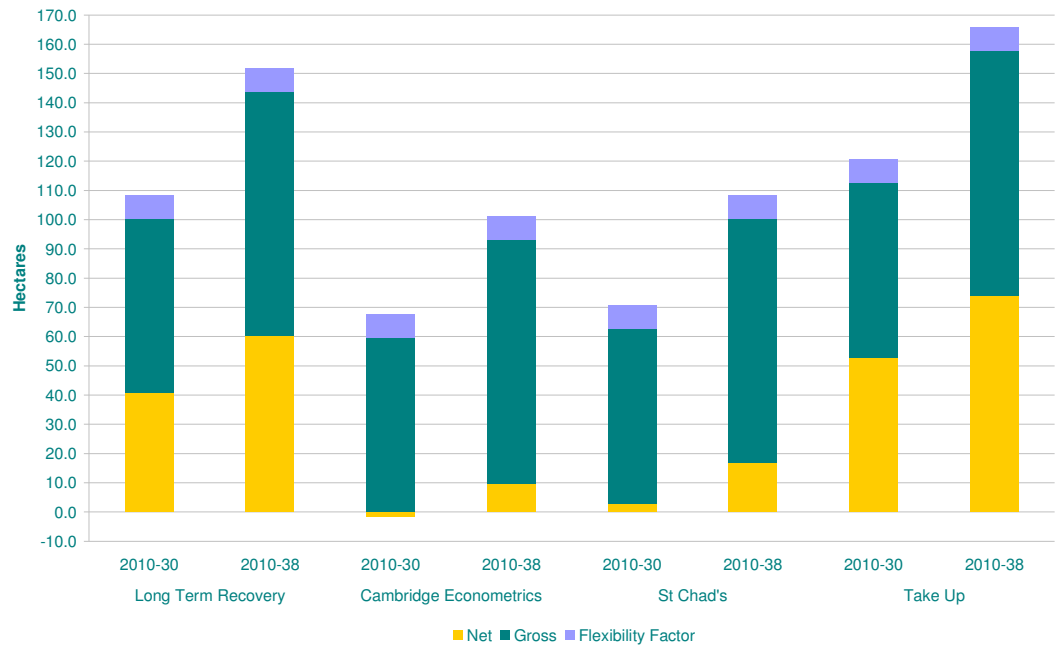
Source: NLP

8.59 The full breakdown is illustrated in Table 8.6 and Figure 8.5.

Table 8.6 Gross Employment Land Comparisons 2010-2030/38

		B1	B2	B8	TOTAL
<b>Experian Long Term Recovery Scenario</b>	2010-2030 (net)	3.7	-5.4	42.3	<b>40.6</b>
	2010-2030 (gross)	-	-	-	<b>100.4</b>
	<b>+ Flexibility factor</b>	-	-	-	<b>108.3</b>
	2010-2038 (net)	5.5	-5.9	60.7	<b>60.2</b>
	2010-2038 (gross)	-	-	-	<b>143.9</b>
	<b>+ Flexibility factor</b>	-	-	-	<b>151.9</b>
<b>Cambridge Econometrics</b>	2010-2030 (net)	3.6	-5.3	0.0	<b>-1.7</b>
	2010-2030 (gross)	-	-	-	<b>58.1</b>
	<b>+ Flexibility factor</b>	-	-	-	<b>66.0</b>
	2010-2038 (net)	5.9	-0.9	4.7	<b>9.6</b>
	2010-2038 (gross)	-	-	-	<b>93.4</b>
	<b>+ Flexibility factor</b>	-	-	-	<b>101.3</b>
<b>St Chad's</b>	2010-2030 (net)	4.1	-3.4	2.2	<b>2.8</b>
	2010-2030 (gross)	-	-	-	<b>62.6</b>
	<b>+ Flexibility factor</b>	-	-	-	<b>70.5</b>
	2010-2038 (net)	6.6	1.4	8.8	<b>16.8</b>
	2010-2038 (gross)	-	-	-	<b>100.6</b>
	<b>+ Flexibility factor</b>	-	-	-	<b>108.5</b>
<b>Take Up Projections</b>	2010-2030 (net)	-	-	-	<b>52.8</b>
	2010-2030 (gross)	-	-	-	<b>112.6</b>
	<b>+ Flexibility factor</b>	-	-	-	<b>120.5</b>
	2010-2038 (net)	-	-	-	<b>73.9</b>
	2010-2038 (gross)	-	-	-	<b>157.6</b>
	<b>+ Flexibility factor</b>	-	-	-	<b>165.6</b>

Figure 8.5 Employment Land Projections 2010-2030/38 (ha)



8.60 In summary, the range of indicative total gross land requirements to 2030, factoring in a 2-year margin of choice, results in the following range of demand projections (to 2038 in brackets):

- Long Term Recovery Scenario: 108.3ha (151.9ha);
- Cambridge Econometrics: 66.0ha (101.3ha);
- St Chad's: 70.5ha (108.5ha);
- Take Up Projections: 120.5ha (165.6ha).

### Reality Check

8.61 It is useful to compare the reasonableness of these estimates by comparison with past trends and previous employment land allocations for Gateshead.

8.62 Clearly the level of future demand for B-use class land projected by the employment-based projections differs markedly from the figures suggested by an application of past take up rates. The projections are largely trend-based; in particular, the Cambridge Econometrics/St Chad's scenarios reflect the position at the 'bottom' of the market. The past take up rates have clearly been at least partly recorded during an unprecedented boom in the commercial market nationally, and reflect the 'predict and provide' approach formerly used to inform ELRs. In reality, it is likely that the actual performance of Gateshead's economy and commercial property market will lie somewhere between the econometric projections and past take up. In order to provide a clearer steer as to what level of growth the Borough should be planning for, it is important to apply a series of reality checks.

8.63 The three econometric model scenarios estimate a minimal net employment land requirement, ranging from -2ha to 41ha. Given that as at April 2011

(and based on the previous version of this ELR), the AMR estimated that there was around 100ha of committed employment land recorded as being available in Gateshead, this would necessitate substantial de-allocations.

- 8.64 The estimates of land requirements are clearly highly sensitive to the various assumptions used. The job/floorspace ratios and plot ratios adopted here reflected those in the ODPM guidance<sup>22</sup>. At present, it is assumed that the plot ratio<sup>23</sup> of 40% is generally applied to out-of-centre office space, industrial space and warehousing, with a plot ratio of 300% for town centre offices (see Table 8.1 for further details). If, however, a more traditional rate of 40% was applied across all types of employment land, town centre office included, this would make only a small reduction for most of the econometric scenarios (of between 10.2ha to 12.3ha). However, given the NPPF policy restrictions on developing further out-of-centre office use in the Borough and the practical infrastructure limitations of achieving high density office use in areas experiencing significant traffic congestion (i.e. on the A1 Western bypass), it is considered reasonable to assume that the majority of future B1a development in the Borough will be in-centre at reasonably high plot densities.
- 8.65 For purposes of comparison, the level of **labour supply** projected for Gateshead has also been considered, since this could impact upon the Borough's ability to attract businesses and future job growth. The ONS 2010-based Sub-National Population Projections (SNPP), published in 2012, forecast that the working age population of Gateshead will increase by approximately 6,700 residents by 2030<sup>24</sup> (an increase of about 7%). Bespoke analysis of population projections carried out by St Chad's College for Gateshead and Newcastle projects Gateshead's economically active population to be around 4,700 by 2030 (using the 2010 ONS Projections), based on an application of reduced economic activity rates for older age people (anticipating that people over the age of 50 are less likely to be economically active than the 'core' working age cohort of 20-49).
- 8.66 Typically (based on national figures), only about 45% of these workers will work in B class jobs and this would mean about 2,115 'B class' workers. However, based on current out-commuting patterns, some 45% of these workers might be expected to seek jobs outside of Gateshead, leaving approximately 1,165 needing local jobs. This could very broadly equate to

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<sup>22</sup> Employment Land Reviews Guidance Note, ODPM (2004)

<sup>23</sup> A plot ratio is the total building square footage (building area) divided by the site size square meterage (area of the plot). Therefore, a plot ratio of 150% would indicate that the total floor area of a building is 1.5 times the gross area of the plot on which it is constructed. For practical purposes, this would equate to a 3 storey building with fifty percent plot coverage, the remaining plot area being occupied, for example, by access roads, parking and landscaping.

<sup>24</sup> SNPP Labour supply projections are not available up to 2038



around 3.67ha of land net<sup>25</sup>, based on general B1 office densities and plot ratios. This figure is reasonably close to the net land requirements resulting from the Cambridge Econometrics/St Chad's forecasts, although it remains some way below the 53ha net projection based on past take up to 2030, hence the labour supply demand forecasting approach could support the need for a broad range of employment land requirements.

8.67 Another more significant assumption in terms of sensitivity is the 2-year safety margin added. A 2-year margin of choice may ordinarily be seen as being reasonable, particularly in the light of the ongoing recession and the need to provide market ready sites to prevent occupiers from moving beyond the Borough when searching for appropriate sites. In addition, whilst subsequent Sections of this ELR will make recommendations concerning the removal of less viable sites, there are nevertheless a number of potentially good quality employment areas that are not in a position to be developed without infrastructure coming forward over the medium to long term, hence an increased margin of choice would help to provide a balanced portfolio.

8.68 However, there is a counter-argument to this. By planning for a 28 year time frame (25 years from the adoption of the Core Strategy), we are already over-providing employment land, given that the Core Strategy will only have a 17 year time horizon to 2030. Consequently, by providing two years of further employment land allocations on top of the 28 year timeframe, which is in itself an attempt to provide an adequate 'margin of choice', this will in effect, be double counting.

8.69 In summary, it is recommended that the range of forecasts of gross employment space requirements should include a further 2-year margin of choice to 2030, but exclude this additional margin of choice in the 2038 figure as this would result in excessive over-provision of land in the Borough – the 28-year time horizon would already factor in a sufficient margin of choice into the figures. The suggested range, with the 2010-38 figure adjusted accordingly, is therefore as follows (to 2038 in brackets):

- Long Term Recovery Scenario: 108.3ha (143.9ha);
- Cambridge Econometrics: 66.0ha (93.4ha);
- St Chad's: 70.5ha (100.6ha);
- Take Up Projections: 120.5ha (157.6ha).

8.70 This provides a range of between 66 and 121 hectares to 2030 (93-158ha to 2038). The net forecasts, which provide a breakdown of B1, B2 and B8 forecasts, are provided for 5-yearly intervals in Appendix 7.

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<sup>25</sup> Calculation: 1,165 jobs x 0.9 = 1,048.5 FTEs; x 14 sqm office density = 14,679 sqm floorspace; / 10,000 to convert floorspace to land = 1.47; / 0.4 (plot ratio) = 3.67ha

## Conclusions

8.71 This section has appraised the range of employment land projections for Gateshead Borough using a variety of methodologies. It is important to identify an appropriate level of need that achieves a balance between market realism and economic and planning policy objectives. A range of qualitative and quantitative factors have been considered within this report that can help to inform a judgment on the appropriate level of need, with the key issues set out below:

- Gateshead Borough has many advantages as an office, industrial and distribution location, with good strategic road accessibility (although worsening congestion), the presence of the Metro Rail network and proximity to the East Coast Mainline, competitive business costs, access to a significant labour force; emerging strengths in key growth sectors; and a central role in the City Region;
- Future job growth projections for Gateshead are reasonable in the medium to long term;
- There is a general consensus amongst stakeholders that a number of the more successful employment areas, particularly the Team Valley and Follingsby, are reaching full capacity and in urgent need of new employment sites and units to be provided;
- Major road infrastructure investment is required to allow the expansion of new employment sites that feed into the strategic road network;
- The Borough has an opportunity to focus on Business Services and Distribution, with clear requirements for B1a and B8 space in particular;
- Take up rates in the Borough in recent years have been moderate, at 3.96ha per annum, whilst 2.99ha have been lost annually to non-employment uses, which is a reflection of the macro-economic downturn post 2007/08.

8.72 Consequently, on the basis of these considerations, a range of between **70ha and 120ha (gross)** of employment land may be considered appropriate to 2030 (rising to between 100 and 160ha to 2038). This is approximate to the St Chad's Scenario model run at the lower end, and the Take Up Rate projection at the top end. Both figures exclude an additional margin of choice to 2038, as this is already considered to be factored into the 28-year time horizon. The range accommodates Gateshead's role as an economic driver in the long term as a key driver of the Tyne and Wear City Region and the substantial housing developments proposed for the Borough as a whole, whilst factoring in the uncertainty of the ongoing economic downturn.

8.73 The necessary balance between the supply of and demand for employment sites is discussed in detail in Section 10.0.

## 9.0 Review of Current Employment Areas

### Introduction

9.1 This section assesses the characteristics and quality of provision of employment sites within the Borough and assesses their suitability to meet future employment development needs. The Section is structured according to the individual Primary and Secondary Employment Areas in the Borough discussed in Section 2.0, of which there are 17:

- Addison PEA
- Blaydon / Derwenthaugh PEA
- Dunston PEA
- Teams PEA
- Team Valley PEA
- East Gateshead PEA
- Felling PEA
- Follingsby PEA
- Portobello PEA
- Durham Road, Birtley PEA
- High Spenn PEA
- Stargate SEA
- Whinfield SEA
- Sands SEA
- Whickham SEA
- Fairfield SEA
- Pelaw SEA

9.2 To this list may be added Gateshead Town Centre which, although not formerly designated as a Primary Employment Area, nevertheless contains a considerable number of existing companies that may be classified as being B1, B2, or B8 in nature, with the potential to accommodate further economic development in the future (particularly in the context of the NPPF). A further 'other' category is included to allow for the analysis of employment sites located beyond these main centres in the Borough.

9.3 These PEAs/SEAs, within which further employment development is generally protected and encouraged, provide the context and wider setting for the more detailed analysis of the individual sites therein. Hence a number of common attributes (for example public transport accessibility and likely sectoral mix) that apply to the PEAs/SEAs as a whole apply equally to the various employment sites located within, or in close proximity to, the areas.

9.4 The detailed analysis of the PEAs/SEAs is summarised in this Section, with an overall conclusion reached concerning the site's future role in the delivery of the Borough's future portfolio of employment land.

### Approach to Assessment

9.5 NLP and Storeys Edward Symmons reviewed and assessed a considerable number of sites before undertaking a total of 251 site visits comprising 916 hectares (gross) in total area. A further 13 existing employment sites

containing vacant sites were also subjected to a more limited analysis that did not involve a site visit.

- 9.6 In determining the sites to be included in the ELR assessment process, a wide variety of data sources were explored, including sites both within and without the planning process. This included:
- **Existing employment sites:** clusters of existing under-utilised sites (based on a comprehensive GMBC list of all vacant employment units and enquiries for alternative uses on existing sites);
  - **Committed Employment Sites:** undeveloped allocated employment sites, along with sites with extant planning permission for employment use over and above a 0.25ha threshold; and
  - **Potential Employment Sites:** derived from a number of sources, including a Call for Sites exercise undertaken in May 2009; new sites identified as part of the SHLAA site appraisals; discussions with stakeholders and officers (particularly concerning town centre opportunity sites); and the consultants' own view as to which areas of Gateshead have the greatest potential for new employment sites, set against the tests of NPPF.
- 9.7 The list of sites assessed was agreed and refined with GMBC, comprising a final total of 264 sites. The locations of these sites and the site boundaries are illustrated in a series of plans provided at Appendix 8.
- 9.8 An assessment was made of each site's suitability for employment uses, against a substantial list of criteria reflecting the CLG Guidance on Employment Land Reviews and Gateshead's own specific local circumstances<sup>26</sup>. The pro-forma categories are considerably more extensive than is usual for a typical ELR, and reflect the need to ensure compatibility with the numerous SHLAA appraisal categories. A blank copy of the pro-forma is provided in Appendix 9.
- 9.9 In total, over 150 categories were recorded, ranging from flood risk to economic development benefits. In order to allow for the meaningful comparison of the 264 sites, the findings were refined down to 11 broad categories:
- Strategic road access (proximity to a motorway or trunk road);
  - General congestion (including localised and strategic)
  - Extent of mitigation required to overcome congestion on the trunk road network (based on Highways Agency comments);

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<sup>26</sup> It should be emphasised that these potential sites have not been subject to detailed scrutiny on infrastructure, development constraints or access requirements. More detailed investigation of any potential alternative sites will be required as part of the LDF process, further to the recommendations of this study and as relevant issues and options are assessed more generally by GMBC.

- Public transport accessibility;
- Proximity to urban areas and access to labour & services;
- Compatibility of adjoining uses (specifically relating to residential and other sensitive uses);
- Site characteristics (topography, greenfield / PDL);
- Development constraints (shape, flood risk, remediation and infrastructure);
- Compliance with Planning Policy / Regeneration Strategies (particularly the Gateshead UDP, the NPPF and national wildlife designations);
- Market attractiveness (quality and value); and
- Deliverability (viability without public sector intervention).

9.10 Each site was assessed against these criteria and, for each factor, given a ranking between 1 (poor) and 3 (best). This information and scoring for each site, along with photographs and comments to explain the score achieved, can be found on Appraisal Sheets for each individual site contained in Appendix 10.

9.11 It should be emphasised that these categorisations are indicative to provide an estimation of the overall quality of the potential supply of sites. In addition, the types of uses for which each site was considered most suitable, and any constraints on delivering them, were noted.

9.12 The individual site assessments were then drawn together, with the ranking system used to categorise the sites as being either good, average or poor in terms of their overall quality and attractiveness. The ranking of sites is based on the relative performance of all sites. Although these site rankings give a good indication of site quality and suitability, other considerations will also need to be taken into account in identifying a portfolio of sites such as their potential for a particular type of use and deliverability/timescale factors. In addition, not all businesses require a site which performs well on all these criteria, for example meeting rural/local needs.

9.13 The following sections consider the sites in the Borough's main PEAs/SEAs and Gateshead Town Centre. Details of each assessment are contained in Appendix 10. The assessment provided and the recommended site portfolio in the following sections is presented on a "*without prejudice*" basis as evidence to inform the preparation of Gateshead's Local Plan. It does not constitute Council policy, and future employment allocations will be determined through the Site Allocations Development Plan Document as part of the Local Plan.

## Classification of Employment Areas

- 9.14 The Employment Land Reviews Guidance Note<sup>27</sup> 2004 sets out a general classification of employment sites from a market perspective. The table below categorises employment areas within Gateshead according to these classifications, which sets the context for the subsequent PEA/SEA analyses. An employment area is rarely restricted to a specific area of market demand, and may accommodate a range of uses. It is not unusual for planning use classes B1, B2, B8 and “*sui generis*” to be accommodated on a single estate. Uses with more particular property requirements are identified in the table below. The PEA / SEA analyses set out the appropriate uses for each area, based on current representation.
- 9.15 The brief requires specific consideration of the needs of Small and Medium-sized Enterprises (SMEs). SMEs are defined as businesses of up to 250 employees in all sectors. As such their needs are varied and their premises requirements criteria are broadly similar to those of other businesses in their sector. Making specific provision is therefore inappropriate. However economic development through the growth of indigenous businesses is an important policy focus and businesses with growth potential can be supported through the provision of appropriate premises. As the development and management of small business premises with a high turnover of tenants is both costly and time consuming it is rarely viable. As a result accommodation for small businesses provided by the private sector is often of low specification, and may not match the requirements of small businesses.
- 9.16 The public sector has a key role in ensuring a supply of good specification workspace, with access to business support to maximise survival rates amongst new and small businesses. Within the region there are examples of successful managed workspace schemes on industrial estates and business parks within the urban area as well as in town centre / edge-of-centre locations where tenants can access a wider range of services. The appropriate scale of facility will largely depend on its catchment area, but it should be borne in mind that if a centre is to be staffed then it needs to provide around 20,000 sq ft of lettable floorspace to be operationally viable. Where facilities are to be provided in smaller settlements consideration will need to be given to alternative ways of providing business support services to tenants. Proposals for new workspace should have regard to the availability of other small units within the area.
- 9.17 It is important to have a consistent approach to distinguishing sites that are available for development immediately, from those which may become available in the future (i.e. windfall sites). Where a building is not evidently derelict/obsolete and is capable of reoccupation, then the site is not

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<sup>27</sup> Box 5.2, Employment Land Reviews Guidance Note, ODPM, December 2004

considered to be currently available for redevelopment, and therefore these have not been identified as potential allocations at this stage.

9.18

Where an occupied site includes expansion land this land would not normally be counted as being available for development. However, if the site is unoccupied and on the market then in some circumstances the undeveloped parts of the site have been allocated as available sites. Whether or not to allocate undeveloped parts depends on the circumstances of the particular site, discussed below.

Table 9.1 Classification of Market Segments and Types of Sites

Segment and Type of Site	Representation in Gateshead	Typology
<b>Established or Potential Office Locations.</b> Sites and premises, predominantly in or on the edge of town and city centres, already recognised by the market as being capable of supporting pure office (or high technology R&D/business uses).	Gateshead Town Centre Gateshead Quays (PEA JE1.6) Baltic Business Quarter (PEA JE1.6) Maingate	Urban Core Suburban
<b>High Quality Business Parks.</b> These are likely to be sites, no less than 5ha but more often 20ha or more, already occupied by national or multi-national firms or likely to attract those occupiers. Key characteristics are quality of buildings and public realm and access to main transport networks. Likely to have significant pure office, Grade A office content, manufacturing and R&D facilities. Includes 'Strategic' inward investment sites.	Fifth Avenue Business Park Metro Riverside Park (PEA JE1.3)	Suburban
<b>Research and Technology/Science Parks.</b> Usually office based developments, which are strongly branded and managed in association with academic and research institutions. They range from incubator units with well developed collective services, usually in highly urban locations with good public transport access to more extensive edge/out of town locations.	None	None
<b>Warehouse / Distribution Parks.</b> Large, often edge/out of town serviced sites located at key transport interchanges.	Follingsby Park (PEA JE1.8)	Out of Town
<b>General Industrial/Business Areas.</b> Coherent areas of land which are, in terms of environment, road access, location, parking and operating conditions, well suited for retention in industrial use. Often older, more established areas of land and buildings. A mix of ages, qualities and site/building size.	Addison Ind. Est. (PEA JE1.1) Ryton Ind. Est. Blaydon Ind. Park (PEA JE1.2) Blaydon Haughs Ind. Est. (PEA JE1.2) Chainbridge Ind. Est. Blaydon Business Park (PEA JE1.2)	Urban Suburban Out of Town

Segment and Type of Site	Representation in Gateshead	Typology
	Halifax Road, Dunston Dunston Enterprise Park Team Valley Trading Estate (PEA JE1.5) Portobello Ind. Est. (PEA JE1.9) Durham Road Trading Est. (PEA JE1.10) East Gateshead Ind. Est. (PEA JE1.7) Felling Shore Ind. Est. (PEA JE1.7)	
<p><b>Incubator/SME Cluster Sites.</b> Generally modern purpose built, serviced units. Services can include reception and secretarial staff, shared meeting rooms, specialist business support etc. Incubator facilities may have move-on policies to ensure capacity for new start-ups requiring intensive business support.</p>	International Business Centre Team Valley Trading Estate (PEA JE1.5) Gateshead Town Centre Greensfield Business Centre, the Old Town Hall International Business Centre, Baltimore House East Gateshead – BBQ and Gear House Design Works Felling Stonehills Pelaw Imex Centre, Birtley	Urban Core
<p><b>Creative Industries.</b> Different sectors can have specific property requirements and can benefit from clustering. Digital media businesses require high capacity internet links. Artists may require north-lit floorspace and low job density.</p>	Design Centre for the North, BBQ (PEA 1.7) Starter for Ten Centre for Digital Industries @ Baltic	Suburban Urban Core
<p><b>Specialised Freight Terminals e.g. aggregates, road, rail, wharves, air.</b> These will be sites specifically identified for either distribution or, in the case of airports, support services. Will include single use terminals e.g. aggregates</p>	Tyne Marshalling Yards	Out of Town
<p><b>Recycling/Environmental Industries Sites.</b> Certain users require significant external storage. Many of these uses (e.g. waste recycling plants) can, if in modern premises and plant, occupy sites which are otherwise suitable for modern light industry/offices. There are issues of market and resident perceptions of these users. Some sites because of their environment (e.g. near heavy industry, sewage treatment works etc) may not be marketable for high quality</p>	Cowen Road, Blaydon Haugh (PEA JE1.2) Derwenthaugh Ind. Est. (PEA JE1.2) Wardley Colliery Felling Industrial Estate Fairfield Ind Est	Suburban Out of Town



Segment and Type of Site	Representation in Gateshead	Typology
employment uses. Co-location of such facilities can facilitate on-site waste management.		
<b>Local Industrial Estates</b> Small industrial estates providing local employment opportunities.	Stargate Ind. Est. (SEA JE3.2) Whickham Ind. Est. (SEA JE3.5) Sands Ind. Est. (SEA JE3.4) High Spen Ind. Est. (SEA JE3.1) Whinfield Way(SEA JE3.3) Pelaw Ind. Est. (SEA JE3.7)	Urban Suburban Out of Town

- 9.19 In considering future provision, sectoral growth and decline should be acknowledged. Growth in business services will stimulate demand for offices and the majority of this should be directed towards Gateshead Quays, Baltic Business Quarter and the Town Centre. Some office based businesses serve industrial / manufacturing sectors or have other business reasons for locating out-of-town and therefore alternative provision should be available on established business parks. Dunston PEA has some capacity for further office development adjoining Metro Riverside Park/The Watermark. Sites within 500m of the bus and rail interchange are regarded as being edge-of-centre and thus sequentially preferable to other locations in this PEA.
- 9.20 The growth in warehousing and distribution will be accommodated at Follingsby Park and on other established industrial estates.
- 9.21 Growth in Creative Industries and Digital Media will generally require office accommodation, but there are proposals to develop clusters and dedicated workspace at Baltic Business Quarter and on the northern edge of the Town Centre as part of 1Plan. Specifically, and as noted above, a Creative Quarter within Central Gateshead is being established to provide a hub for TV, film, games and digital innovation, promoted through the annual Digital Festival. Incubation space for creative businesses is available at Gateshead International Business Centre, Starter For Ten, the Baltic and the Northern Design Centre. Gateshead College also plans further investment in their Baltic Campus on Gateshead Quayside to develop a specialist Digital Academy.
- 9.22 Manufacturing decline is likely to reduce demand for general industrial estates going forward and whilst it will be important to accommodate opportunities for new development, this should be done in the context of an overall contraction in their scale. Advanced manufacturing and new industries will favour locations which have good access to both markets and

suitably skilled labour. Serviced, well laid out, modern industrial estates, such as Team Valley will continue to provide opportunities for redevelopment to accommodate these, whilst demand for secondary industrial estates will weaken.

## Overview of Primary Employment Areas

### Addison PEA

#### Overview

- 9.23 Addison PEA is located in the north west part of the Borough close to the River Tyne and west of Blaydon Town Centre. As illustrated in Figure 9.1, it is well defined along its eastern and northern boundaries by Haugh Lane and Newburn Bridge Road. It is bisected by the Carlisle – Sunderland Railway which divides it into its two constituent elements, the Addison and Ryton Industrial Estates.

Figure 9.1 Boundary of Addison PEA and ELR Appraisal Sites Within/Adjoining



#### Existing Employment Base

- 9.24 The range of uses in the PEA varies from the more traditional types of business accommodation in the form of factory, workshop and storage units. There is some limited office accommodation which is not of modern specification. There has been some infill development on the estate. Three sites, totalling 0.59 hectares, have been taken up since April 2000. It is estimated that there is a relatively high vacancy rate of around 18% of all units.

9.25 Addison PEA provides an affordable location for local enterprises requiring easy access to locations in western Gateshead and Newcastle. There has been little prestige office development contrasting with the recent developments at Newburn Riverside. This is due to restricted accessibility and relatively poor environment at Addison. Further factory or storage uses can be expected in this area.

9.26 In total, seven existing and committed employment sites were appraised in this PEA:

Table 9.2 Existing and Committed Employment Sites Appraised in Addison PEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G424</b> <b>Land To The North Of MGM House</b>	<b>Existing (Vacant site)</b>	0.18	Existing employment land within PEA 1.1	22	VACANT LAND IN EXISTING PEA TO BE ALLOCATED FOR EMPLOYMENT
<b>G437</b> <b>Impress N.E. Ltd</b>	<b>Existing</b>	0.25	Existing employment land within PEA 1.1	22	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G468</b> <b>A B Garden Services</b>	<b>Existing</b>	0.07	Existing employment land within PEA 1.1	21	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G515</b> <b>First Quote Pallets</b>	<b>Existing</b>	0.90	Existing employment land within PEA 1.1	21	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G17</b> <b>Land Between Metro Commercials &amp; Railway Line</b>	<b>Allocated</b>	0.87	Allocated employment land within PEA 1.1 (JE2.1)	20	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G62</b> <b>Land to the West of Flogas Depot</b>	<b>Existing (Vacant site)</b>	0.45	Existing employment land within PEA 1.1	19	VACANT LAND IN EXISTING PEA TO BE ALLOCATED FOR EMPLOYMENT
<b>G514</b> <b>Adj Safety and Ecology Corp</b>	<b>Existing (Vacant site)</b>	0.60	Existing employment land within PEA 1.1	19	VACANT LAND IN EXISTING PEA TO BE ALLOCATED FOR EMPLOYMENT

9.27 In summary, one allocated employment site, totalling 0.87 hectares, is currently available within the PEA. Other areas appear underused, with sites G62, G424, G514 and G515 comprising vacant existing sites within the PEA that have the potential to contribute some 1.23ha of additional employment

land to the portfolio. The seven sites that have been assessed have poor 'strategic access' and weak market attractiveness, but against most of the other indicators are rated as being average.

9.28 Apart from difficulties regarding accessibility, the main constraints regarding the appraisal sites within the PEA arise from the segregation of the Industrial Estate by the railway lines and level crossing. The continuing development of new housing on the former power station site could also potentially affect some industrial activities in the future, whilst all of the five sites appraised are located within the hazardous installations consultation zone resulting from the Shell Gas LPG filling plant installation nearby. The eastern parts of the PEA are intensively developed and circulation space is limited.

9.29 With essential infrastructure in place it is considered that there is no impediment to further private sector redevelopment as sites become available. Rents are unlikely to be sufficient to allow viable speculative development without public sector subsidy. Arguably the development of 500 new houses close-by might also raise the profile of the area. It is recommended that Addison Industrial Estate retains its PEA protection, with a small amendment at its northern edge to exclude the river frontage. Except at its eastern end - where it adjoins housing - and areas at risk of flooding, waste management facilities could be appropriate in this location.

### PEA Summary

9.30 In summary, Addison is a relatively small PEA. There is a new residential development on its eastern border occupying part of the former Stella South Power Station site. Vacancy rates are moderate and four available sites that could accommodate small units or storage uses have been available for long periods. The built stock is generally of poor quality. The PEA may decline in the longer term, although deallocation of sites at this stage is not considered appropriate. It is recommended that the boundary of the PEA should be slightly amended to exclude the boathouse and the river frontage at the northern end.

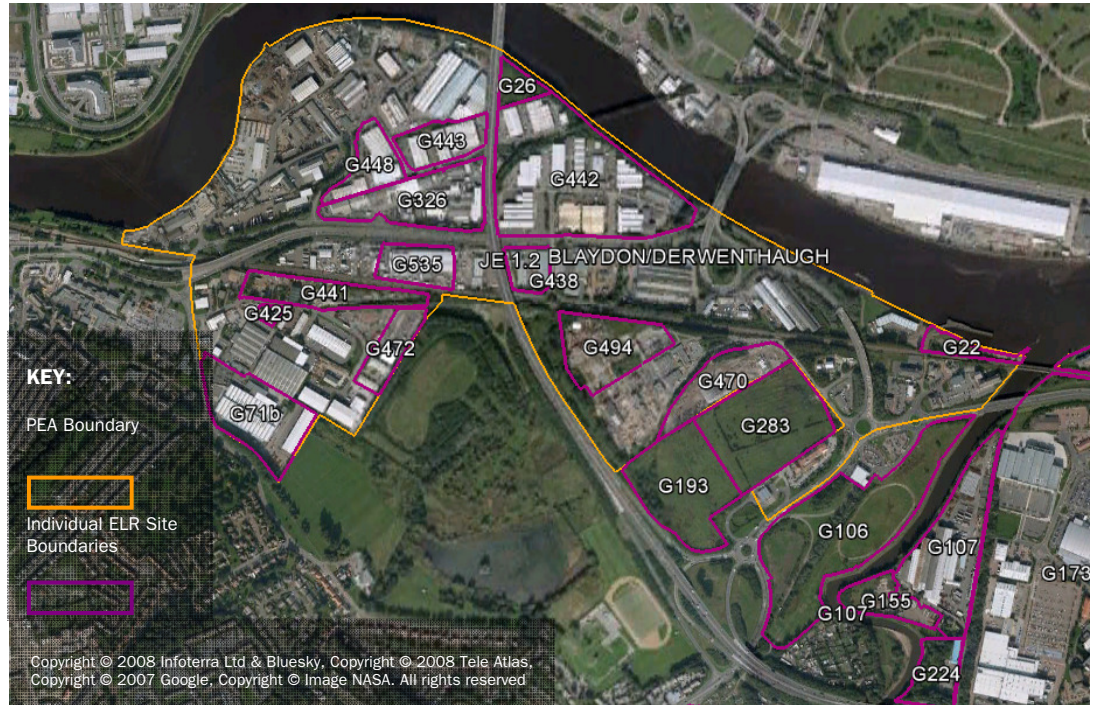
9.31 **It is recommended that the PEA retains its policy protection, and that the boundary be amended slightly to exclude the river frontage at its northern end. The sites should accommodate use classes B1bc, B2 & B8.**



## Blaydon/Derwenthaugh PEA

### Overview

Figure 9.2 Boundary of Blaydon/Derwenthaugh PEA and ELR Appraisal Sites Within/Adjoining



- 9.32 The PEA is located to the north east of Blaydon Town Centre and west of Metrocentre. As illustrated in Figure 9.2, it is well defined by the River Tyne to the north, Chainbridge Road/Shibdon Road to the west, partly by the A1(T) and the A694. The northern elements experienced rapid growth during the 1980s as a consequence of the Gateshead Enterprise Zone. This also accounts for the high proportion of trade units which provide retail accommodation.

### Existing Employment Base

- 9.33 The layout of the estate functions relatively well, with a range of occupiers from more traditional industrial users to more recent smaller industrial/storage/trade units laid out in a business park format. It is estimated that there is a moderate vacancy rate of around 12% of units, predominantly B2/B8 industrial. There are voids at the former Churchill's Cash and Carry on Shibdon Road, although these premises have been acquired by UK Land Estates and broken down into smaller units. The Derwenthaugh Industrial Estate in the south east also has vacant units although Morrison is occupying a number of the units here. A new waste management facility has been developed on adjoining land. Generally however the predominant mix of uses falls within B2 and B8. Eight sites totalling 4.29 hectares have been taken up since April 2000.

- 9.34 In total, twelve existing and committed employment sites were appraised in this PEA:

Table 9.3 Existing and Committed Employment Sites Appraised in Blaydon PEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G71B</b> <b>Chainbridge Road</b>	Existing	3.31	Within PEA JE1.2	30	PEA PROTECTION TO BE REMOVED, ALTERNATIVE USES RECOMMENDED
<b>G425</b> <b>Land Adj North East Counties Hydraulics</b>	Existing	0.18	Within PEA JE1.2	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G472</b> <b>Cowen Road South</b>	Existing	1.26	Within PEA JE1.2	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G438</b> <b>Blaydon Trade Park</b>	Existing	0.86	Within PEA JE1.2	27	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G441</b> <b>Blaydon Business Centre</b>	Existing	2.03	Within PEA JE1.2	27	RETAIN AS AN EXISTING EMPLOYMENT SITE. POTENTIAL FOR WASTE FACILITY
<b>G442</b> <b>Blaydon Business Park</b>	Existing	9.29	Within PEA JE1.2	27	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G443</b> <b>Vance Court</b>	Existing	1.55	Within PEA JE1.2	27	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G26</b> <b>Land Between River Tyne And, Banks &amp; Pearson Courts,</b>	<b>Allocated</b>	0.66	Allocated employment site within PEA JE1.2 / JE2.3	26	SITE LIKELY TO BE USED AS EXPANSION LAND FOR A1 - DEALLOCATE
<b>G448</b> <b>Zytronic Displays Limited</b>	Existing	1.46	Within PEA JE1.2	26	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G470</b> <b>Former UBU Derwenthaugh Road,</b>	Existing	2.17	Employment site within PEA JE1.2. Allocated as a Waste Management facility MWR22.1	24	RETAIN AS AN EXISTING EMPLOYMENT SITE AND WASTE MANAGEMENT FACILITY
<b>G494</b> <b>Blaydon / Derwenthaugh</b>	<b>Existing /Potential</b>	2.82 (1.69 ha of developable land remains)	Employment site within PEA JE1.2	23	RETAIN AS AN EXISTING EMPLOYMENT SITE. VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE.

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G106 MU20 - Derwent West Bank</b>	<b>Allocated</b>	8.07	<b>ADJOINS PEA JE1.2</b> Mixed Use Site (MU20) for B1, B2 and B8 uses along with C1 and D1. Out of centre site, with flood risk issues	21	DE-ALLOCATE SITE

9.35 In summary, 12 sites have been assessed against the key indicators and more than half are rated as being of good quality. G26 is a triangular site fronting the river and beside the A1 viaduct with an awkward access, and was scored accordingly in the site appraisal process. **G26 may be required to enable the future widening of the A1, hence it is recommended that this land should be released from the current portfolio.**

9.36 G106, which is situated immediately to the east of the PEA, scored relatively poorly in the site appraisal; this was primarily due to flood risk issues which could be overcome should a suitable mixed use scheme come forward. The PEA boundaries were redrawn to exclude two sites of 9ha to the west of Derwenthaugh Road (G283 and G193), identified as being within the functional floodplain 3b as well as being located within a Local Wildlife Site (formerly known as SNCIs) (see potential site appraisal in Section 10.0).

9.37 Proximity to Blaydon Town Centre and the Metrocentre bus and rail stations means that the appraisal sites are generally well served by existing bus services. **However, whilst G71b scored highly, it is understood that the site's owners want to bring it forward for residential and town centre uses, given the site's housing suitability and edge of centre location. Hence it is considered that this site could be removed from the PEA to encourage mixed use development in the future.** The road network within the PEA is fragmented and confusing, with a lack of through routes, whilst congestion on local roads at peak times as a result of the trunk road corridor and proximity to the Metrocentre and the level crossing at Chainbridge Road can cause localised difficulties. In addition, this is a long established industrial area and the remediation of some of these sites may be required prior to development.

9.38 Many sites have benefited from redevelopment during the Enterprise Zone era and there has been recent development at Cowen Road for example. Other sites might be expected to come forward in the short to medium term.

9.39 Waste management facilities would be appropriate in this location, and there are existing facilities at Cowen Road, Factory Road and Derwenthaugh

Industrial Estate. In particular, underused areas within and adjoining G494 could provide opportunities for the development of waste management facilities. G441 at Cowen Road and other sites that have not been assessed such as those at Factory Road are currently used for waste management and continuation of this activity in these locations should be supported. These sites can be accessed without going through residential areas.

### PEA Summary

9.40 This PEA has a well defined industrial and commercial area bounded by the River Tyne to the north and Chainbridge Road/Shibdon Road to the west. The proximity to the River Derwent and the Metrocentre have provided the opportunity for a broader mix of uses at the eastern end, set within a higher quality setting. There are clusters of established scrapyards and materials recycling uses along Factory Road and Cowan Road and further waste management operations should not be discounted. Twelve sites have been assessed against the key indicators and more than half are rated as being of good quality.

9.41 **Overall, the majority of the area should be retained and protected for B1bc/B2/B8 employment uses. Waste management and other environmental industries should be permitted. Allocated employment land at G26 should be reserved for future improvements of the A1 trunk road. The boundary of the PEA should be amended to exclude site G71b and G22 (see potential site assessment in Section 10.0). Consideration should also be given to rationalising the eastern boundary of the site to exclude the Premier Inn and petrol filling station that front the A694.**

### Dunston PEA

#### Overview

9.42 Dunston PEA is located to the north and east of the Metrocentre Regional Shopping Centre and associated retail park. As illustrated in Figure 9.3, it is clearly defined by the River Tyne to the north and Metrocentre to the west.



Figure 9.3 Boundary of Dunston PEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.43 Dunston PEA has a very high profile within the Borough and offers a significant opportunity to consolidate the existing employment uses in this part of Gateshead. However, there are considerable development opportunities that could be complementary to the regionally significant retail and leisure offer at the Metrocentre, building upon the excellent public transport connectivity of the area. In the 2007 UDP, the Metrocentre area, including the Dunston PCA, was identified as an area where significant change over time.
- 9.44 This expectation remains and, in its Community Strategy – Vision 2030, Gateshead Council has identified the Waterfront Corridor, including the Metrocentre area, as a mixed-use growth corridor where a contemporary urban environment is to be created. Flowing from this, Gateshead Council has worked with the owners of Metrocentre to examine the mixed-use development potential of the area and a vision, termed ‘MetroGreen’, has been considered.
- 9.45 Vision 2030 states that “*the MetroCentre and MetroGreen will be developed as a sustainable mixed-use community*” over the next 20+ years. In May 2012, a Position Statement was prepared which provides a summary of the current vision and objectives for MetroGreen, the evidence base that underpins that and a concept framework plan in support of the vision. The overall vision is as follows:

*“A new sustainable urban community based around a network of high quality green and blue spaces & routes integrating the site internally with the surrounding area. It will be a place where people want to live and work, where they will enjoy great access to the River Tyne, the surrounding countryside, public transport and nearby facilities and services. Contemporary and sustainable buildings will sit within green and walkable neighbourhoods creating a place of distinctive character, making the most of the area’s natural assets.”*

9.46 The position statement highlights that there are now number of constraints to delivering development including: flood risk, utility infrastructure, contamination, protected species and habitats, strategic and local road network, multiple land ownership, existing uses on site, pedestrian and cycle permeability. The concept framework assumes that by 2030 1,252 residential units, 32, 864 sqm of commercial floorspace and 15,000 sqm of office space will be delivered. It is a long term framework and further residential development is anticipated beyond 2030: 1,629 residential units, 12,755 sqm of commercial floorspace and 6,000 sqm of office space. The framework suggests that the following sites are expected to be delivered during the plan period to 2030: G106, G170b, G170a, G171b, G171a, G187b, G187a, G493 and part G176. Reflecting the MetroGreen Flood Management Plan sites G171a, G174 and G170a would require the land raising or raised embankment and G324 perhaps required for surface water storage.

9.47 Currently, the layout of the PEA exhibits a broad distinction between its northern and southern parts. North of Handy Drive/Riverside Way, modern offices have been developed at The Watermark and Metro Riverside Park. Occupiers include a BT call centre and Tyne Tees Television. To the east of this office park is the Costco retail warehouse (site G174). To the south of the riverside route and the railway there are more traditional forms of business accommodation in the form of factory units, workshops, warehouses and open storage uses and depots. Since the closure of the Federation Brewery at Lancaster Road the largest occupier is the Cemex aggregates and building materials depot at St Omer’s Road. Vacancy rates for the offices equate to around 22%, compared to 15% for industrial/warehousing (although the Newcastle Federation Brewery site, G493, has now closed). Six sites, totalling 5.90 hectares, have been taken up since April 2000; the take-up of land for office development has been offset by the release of brownfield sites through the demolition of older factories.

9.48 In total, 19 existing and committed employment sites were appraised in and adjoining this PEA:

Table 9.4 Existing and Committed Employment Sites Appraised in Dunston PEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning/Regeneration Policy	Total Ranking	Site to be Retained/Allocated/Deallocated/Excluded
<b>G170b</b> <b>Metrocentre</b> <b>Coach Park</b>	Existing	8.92 (3.8ha net)	Within PEA JE1.3, comprises spillover parking for Metrocentre.	29	REMOVE PEA PROTECTION. WIDER MASTERPLANNING OF THE AREA REQUIRED. POTENTIAL FOR OFFICE USE IN LONGER TERM
<b>G171b</b> <b>Land to the west of the Costco</b>	Allocated	8.29ha (2.7ha net)	Allocated site (JE2.5) within PEA JE1.3. Significant flood risk issues to be overcome.	28	DE-ALLOCATE SITE FROM RESTRICTED B-CLASS USE – MIXED USE WITH AN ELEMENT OF B1A OFFICE RECOMMENDED
<b>G170a</b> <b>Riverside – Land to the north of the Watermark Business Park</b>	<b>Allocated</b>	8.92 (6.6ha net)	Allocated site (JE2.5) within PEA JE1.3. Flood risk an issue; partially within a Wildlife Corridor	27	REMOVE PEA PROTECTION AND DEALLOCATE SITE FOR RESTRICTED B1/B2/B8 - MIXED USE RECOMMENDED, POTENTIALLY INCLUDING RESIDENTIAL AND SOME OFFICE
<b>G379</b> <b>Lancaster Road</b>	<b>Allocated</b>	0.52 (est 0.13ha net develo pable)	Allocated site (JE2.7) Within PEA JE1.3	27	REMOVE PEA PROTECTION AND DEALLOCATE SITE FOR RESTRICTED B1/B2/B8.
<b>G473</b> <b>Independence House, Federation Way</b>	Existing	0.37	Within PEA JE1.3	27	REMOVE PEA PROTECTION AND RELEASE EXISTING SITE FOR RESTRICTED B1/B2/B8.
<b>G493</b> <b>Newcastle Federation Brewery</b>	Existing	4.77	Within PEA JE1.3	27	REMOVE PEA PROTECTION AND RELEASE EXISTING SITE FOR RESTRICTED B1/B2/B8.
<b>G187(b)</b> <b>Reg Vardy Sites, Cross Lane, Dunston</b>	<b>Allocated</b>	3.23 (1.62h a net)	Allocated site (JE2.6) within PEA JE1.3	26	REMOVE PEA PROTECTION AND DEALLOCATE SITE FOR RESTRICTED B1/B2/B8.
<b>G324</b> <b>Resinous Chemicals, Metrocentre</b>	Existing (vacant site)	3.46	Within PEA JE1.3	26	REMOVE PEA PROTECTION AND RELEASE EXISTING SITE FOR RESTRICTED B1/B2/B8.
<b>G389</b> <b>N of Metrocentre</b>	Existing	4.74	Within PEA JE1.3	26	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE, TO BE RETAINED

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning/Regeneration Policy	Total Ranking	Site to be Retained/Allocated/Deallocated/Excluded
<b>G108</b> <b>MU3 - Fife Engineering, Long Rigg, Swalwell</b>	<b>Allocated</b>	5.22 (0.65ha net for B use)	<b>ADJOINS PEA JE1.3</b> MU3 Mixed Use site, Fife Engineering, Long Rigg - B1, C3 permitted	25	DEALLOCATE SITE
<b>G169</b> <b>Land off Wellington Rd / St Omers Rd</b>	Existing	2.50	Within PEA JE1.3, although flood risk to be mitigated.	25	REMOVE PEA PROTECTION AND RELEASE EXISTING SITE FOR RESTRICTED B1/B2/B8.
<b>G175</b> <b>West of St Omer's Road</b>	Existing/Potential	16.64 (of which 4.99ha remains developable)	Within PEA JE1.3. Flood risk issues relate to part of the site	25	REMOVE PEA PROTECTION AND RELEASE EXISTING SITE FOR RESTRICTED B1/B2/B8.
<b>G107</b> <b>MU2 - Hannington Works Area, Swalwell</b>	Existing	4.59	<b>ADJOINS PEA JE1.3</b> Mixed Use Site (MU2) for B1, B2 and B8 uses along with C1 and C3. Flood risk issues; site also within a Wildlife corridor.	24	EXISTING SITE SUITABLE FOR RELEASE TO ALTERNATIVE, NON-B CLASS USES
<b>G187(a)</b> <b>Reg Vardy Sites, Cross Lane, Dunston</b>	Existing (vacant site)	2.79 (2.51ha net developable)	Within PEA JE1.3. Flood risk issues relate to part of the site	24	REMOVE PEA PROTECTION AND RELEASE EXISTING SITE FOR RESTRICTED B1/B2/B8.
<b>G94</b> <b>Dunston Riverside</b>	Existing	5.59	<b>ADJOINS PEA JE1.3</b> Allocated for residential use (H3.65). Significant flooding issues	23	EXISTING SITE SUITABLE FOR RELEASE TO ALTERNATIVE, NON-B CLASS USES
<b>G155</b> <b>Land at Longrigg, Swalwell</b>	<b>Allocated</b>	1.3 (0.65ha net)	<b>ADJOINS PEA JE1.3</b> Mixed Use Site (MU2) for B1, B2 and B8 uses along with C1 and C3. Out of centre, within a Wildlife Corridor and an area of flood risk.	23	DEALLOCATE SITE
<b>G176</b> <b>North of Wellington Road</b>	Existing/Potential	6.69 (3.01ha net)	Within PEA JE1.3. Partially within a LNR; flood risk.	23	REMOVE PEA PROTECTION AND RELEASE EXISTING SITE FOR RESTRICTED

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning/Regeneration Policy	Total Ranking	Site to be Retained/Allocated/Deallocated/Excluded
					B1/B2/B8.
<b>G224</b> <b>P.O.S./parkland</b> <b>Derwenthaugh</b> <b>Riverside Park</b>	Part existing, part <b>allocated</b>	1.43 (0.43ha net for B use)	<b>ADJOINS PEA JE1.3</b> Part allocated for Mixed Use Site (MU2) for B1, B2 and B8 uses along with C1 and C3	<b>23</b>	<b>DEALLOCATE SITE FOR B1/B2/B8. WIDER MASTERPLANNING OF THE AREA REQUIRED</b>
<b>G171a</b> <b>Land to the east of the Costco</b>	<b>Allocated</b>	8.37ha (3.35ha net)	Allocated site (JE2.5) within PEA JE1.3. Significant flood risk issues to be overcome.	<b>22</b>	<b>DEALLOCATE SITE</b>

9.49 Nineteen sites have been assessed against the key indicators, with a broad spread of good/average/poor quality sites. Of these, eight are allocated employment sites within/adjoining the PEA, totalling 17.31ha (net developable area). The site scoring is reflective of the generally excellent public transport infrastructure resulting from the area’s proximity to the Metrocentre public transport interchange, whilst the PEA is relatively well served by local roads, although it is located relatively close to the A1, which may constrain cumulative development given the severe associated congestion at peak times.

9.50 However, virtually the whole area is understood to be potentially contaminated based on historical uses including the undeveloped sites (i.e. G106 was a former railway sidings / coal depot; G107 was an engineering works; G170b was a railway sidings/waste from power station and landfill) and are likely, therefore, to require remediation. Some sites may also require flood mitigation measures as a result of being in a flood risk zone (i.e. G170a, G171a/b and G324). A number of pylons and overhead power lines cross the area (i.e. G171b). Consequently, G171b is rated relatively poorly in terms of both its impact on trunk road congestion and its development constraints.

9.51 It is important to note that the absence, to date, of public sector subsidy to assist with the remediation of some of the large vacant sites within this PEA has resulted in many of the appraisal sites having been unsuccessfully marketed in the past. Industrial rents are unlikely to be sufficient to allow viable development of sites that require remediation, but office rents could be and the critical mass at the successful Metro Riverside further west can be further built upon. Waste management facilities would generally be inappropriate in this location.

9.52 The de-allocation of sites G187b (3.23ha), G170a (6.6ha), G171a (3.35ha), G171b (2.7ha) and G379 (0.13ha) from restricted B1/B2/B8 could

potentially remove a total of 16.01ha from the employment land portfolio. However, the mix of uses, including office space, will be determined as part of development of the MetroGreen Concept Framework. Given the proximity to established Watermark and Metro Riverside Business Parks and MetroCentre Interchange it is considered that sites G170a, G171b and G170b have potential for further office space<sup>28</sup>. Based on the presumption of 20% of the net land area could still be used for B1a on sites G170a and G171b, it is estimated that 1.86ha could come forward for B1a across the two sites as part of mixed use, plus a further 3.8ha for office use could be accommodated on G170b should the Coach Park become available for alternative uses. The remaining 14.15ha could be developed for alternative uses in the future. Clearly any office proposal that is edge of/out of centre would need to demonstrate compliance with the NPPF guidance, although the proximity of sites G170a/b and G171b to the Metrocentre public transport interchange would assist in this regard.

### PEA Summary

- 9.53 This is a significant PEA given its prominence between the A1 trunk road and the Tyne River and its existing infrastructure, particularly the Metrocentre public transport interchange and the Metrocentre itself. It comprises various distinct areas, with previously developed land to the north requiring further remediation and public subsidy to bring forward lower value employment uses unless cross-subsidy from higher value end uses are considered. To the south of the railway line, the supply of available land has increased through demolitions, but take-up has been weak.
- 9.54 **Consequently, the aspiration to create a contemporary mixed-use urban environment should be supported in this PEA, with a move away from a presumption against non-B-Class development towards a more flexible policy regime that would permit a mix of uses in this broad area, including residential. Within this widening of uses, protection should be afforded to established clusters of modern employment premises, with the further development of B1, B2 & B8, including B1a offices (subject to compliance with the NPPF) to complement the existing business park at the Watermark. Sites G94, G171a, G187b and G379 are considered suitable for residential uses and could be released.**
- 9.55 It is recognised that, on the current evidence, achieving the MetroGreen concept is a medium to long term aspiration. Delivery of the MetroGreen vision and objectives, both the quantum of development and place making goals, will be dependent upon provision of key infrastructure and mitigating constraints in coordinated and comprehensive way across the whole area. Development will be managed through the local plan led approach: with the

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<sup>28</sup> There has been relatively strong recent demand for office space in the area – 4.86ha has been taken up over the 12 years to March 2012 in the Dunston PEA, through the phased development of Metro Riverside Park.



Core Strategy identifying the site, establishing a more detailed policy within the Site Allocations DPD, further guidance in a site masterplan and/or SPD. Key infrastructure is expected to include delivering flood and surface water management mitigation such as 30m raised riverfront embankment and strategic SuDs network that integrate with the green infrastructure network and improvements to strategic road network. The established employment premises which are in use will also inform the phasing, which may mean developing vacant sites first. Further work is ongoing building upon the evidence base, including the ELR, that underpins the concept framework plan. This involves consultation with stakeholders such as Environment Agency, Highways Agency, Natural England and landowners.

## Teams PEA

### Overview

- 9.56 The PEA is located to the south west of Gateshead Town Centre, close to the confluence of the River Team with the River Tyne as illustrated in Figure 9.4.

Figure 9.4 Boundary of Teams PEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.57 The fragmented layout of the PEA is partly a reflection of the historic industrial uses that have occupied the PEA. The largest remaining single users are the Spartan UK industrial complex and the gas holders on Team Street. In the west of the PEA the former Brama Teams Glassworks has now been extensively sub-divided to provide a range of smaller units and compounds. To the south there are two relatively large sites occupied by

Jennings Ford and Karting North East for car showroom/workshop and leisure uses respectively. Vacancy rates are around 16%.

9.58 In total, four existing employment sites were appraised in this PEA, with one allocated mixed use site appraised beyond its boundary:

Table 9.5 Existing and Committed Employment Sites Appraised in Teams PEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G461</b> <b>Derwentwater Road</b>	Existing	1.78	Within PEA JE1.4. Site is located in an area of flood risk	26	EXISTING SITE SUITABLE FOR RELEASE TO ALTERNATIVE, NON-B CLASS USES
<b>G117</b> <b>MU4 - Derwentwater Road</b>	<b>Allocated</b>	3.93 (0.68 ha net for B use)	<b>ADJOINS PEA</b> Allocated Mixed Use site MU4, Derwentwater Road, suitable for B1, B2 and C3. Out of centre site within a Wildlife Corridor in an area of flood risk	24	RETAIN AS A MIXED USE ALLOCATION WITH AN ELEMENT OF B CLASS EMPLOYMENT
<b>G452</b> <b>Derelict Land/Buildings, Land Bounded By Team Street And Clockmill Road</b>	Existing	0.31	Within PEA JE1.4	24	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE, TO BE RETAINED AS A LOCAL EMPLOYMENT AREA
<b>G32</b> <b>Brama Teams Industrial Park</b>	Existing	1.70	Within PEA JE1.4	23	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE, TO BE RETAINED AS A LOCAL EMPLOYMENT AREA
<b>G434</b> <b>Vacant Unit, Unit 1, Clockmill Road</b>	Existing	1.24	Within PEA JE1.4	23	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE, TO BE RETAINED AS A LOCAL EMPLOYMENT AREA

9.59 In summary, five sites have been assessed against the key indicators, four of which are existing sites. There are no allocations available within the PEA, although the former Bridon Fibres site (G117, 3.93ha) which adjoins the PEA and was formerly was part of it, has been available for many years and remains a



mixed use allocation suitable for B1, B2 and C3. It also has planning permission for residential and business uses. The appraisal sites are generally rated as being average or poor, despite excellent strategic road access, compliance with planning policy and absence of development constraints; however, certain of the sites, particularly G32, have relatively poor infrastructure, poor building quality and are compromised in their operational requirements as a result.

- 9.60 For example, there is a flood risk adjacent to the River Team, which particularly affects site G32. There is also a degree of fragmentation as a result of the meandering river. Access to the Brama Teams Industrial Park and the Spartan UK Redheugh Works site from Ropery Road is not commodious with restricted carriageway widths and restricted areas for turning HGVs. Many of the traditional industrial sites have been sub-divided and there are complex ownership and multi occupancy issues that arise. Car parking and servicing arrangements within many of these older sites is also far from ideal. Furthermore, there may be contaminated land issues requiring extensive remediation as a consequence of earlier industrial activities. Increasing residential areas nearby also pose a potential constraint on some uses.
- 9.61 To date there has not been a strong impetus for redevelopment. If the Spartan UK site to the north east did become available it could be redeveloped to form a modern business area with the opportunity to consider access improvements. Viable development of industrial premises on sites with high levels of abnormal costs is unlikely.
- 9.62 Although some of the sites are close to the A1114 Riverside Route and the A184 Consett Route there is generally an overall lack of contemporary access arrangements into some of the appraisal sites. Hard surfacing of carriageways and lighting are also frequently deficient. Hence, whilst infrastructure provision to some sites is satisfactory there is variety of provision with, in the worst cases, narrow internal access roads and areas where on-street parking is a particular issue. Waste management facilities would generally be inappropriate, due to the proximity of residential areas.
- 9.63 Site G461 comprises the Jennings car showroom/workshop and does not comprise a B-class employment use. The site is also located in an area of flood risk and is transacted by the River Team. It is considered that the site should therefore be excluded from employment policy protection as a result.
- 9.64 Consequently, it is recommended that consideration should be given to the removal of PEA policy protection in the longer term, with a flexible, site-by-site approach taken to planning applications for non-B class uses. This would allow a criterion based approach to determine whether alternative non-B class uses would be appropriate in this area.

### PEA Summary

- 9.65 Historically, this was an area of heavy industry including iron foundries, forges and glassworks clustered along the River Team. There are a number

of large sites within the PEA with high vacancy. In addition the former Bridon Fibres site at Ropery Road (G117) which is outwith the PEA has been vacant for many years (although it has planning permission for both residential and business uses). As a consequence of this history, many of the sites and buildings are in poor physical condition and are not particularly well integrated into the surrounding Teams area. On this basis it is recommended that a number of the sites could be given over to alternative non-employment uses without having a detrimental effect on Gateshead's overall employment land portfolio.

- 9.66 **Hence it may be appropriate for GMBC to remove the PEA protection from this general area and to apply a flexible site by site approach to planning applications for non-B-class uses in the area subject to compliance with criteria-based policies (currently Core Strategy Policy S8).** Clearly, careful consideration should be given to the protection of viable industrial operations when identifying alternative uses in this area. The resultant **SEA/‘local employment area’ boundary** should be amended to exclude Site G461 and pulled back to the boundary of the River Teams, immediately south of G32.

## Team Valley PEA

### Overview

- 9.67 The Team Valley Trading Estate Team Valley is the prime employment location within the Borough and arguably within the region. As illustrated in Figure 9.5, it is located to the west of Low Fell, around 3km south west of Gateshead Town Centre and forms the south western limit of the Gateshead urban area, adjoining the A1 Gateshead Western Bypass.

Figure 9.5 Boundary of Team Valley PEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.68 In the 1980s the designation of the southern part of the estate as an Enterprise Zone brought retail and office uses into what was a predominantly industrial area. Fifth Avenue Business Park was developed as an office park on the eastern side of the estate, but is surrounded by industry and lacks prominence. More recently there have been developments incorporating a range of commercial uses such as Queens Court which has office, industrial warehouses and hybrid units; and Maingate – an office block, hotel, leisure and retail. Business park development is planned on cleared sites owned by UK Land Estates. Vacancy rates for offices on the estate are high, equating to around 43%, compared to around 18% for the industrial / warehousing units.
- 9.69 In total, 44 existing and committed employment sites were appraised in this PEA of which 5 are current allocations totalling 4.22ha:

Table 9.6 Existing and Committed Employment Sites Appraised in Team Valley PEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Rank -ing	Site to be Retained / Allocated / Deallocated / Excluded
<b>G18</b> <b>Site Of Unit D17</b>	<b>Allocated</b>	0.78 (0.59 ha net)	Allocation JE2.9 within PEA JE1.5	30	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G43</b> <b>R386, Tenth Avenue West</b>	Existing / Potential	1.14 (of which 0.86ha remains)	Within PEA JE1.5	30	RETAIN AS AN EXISTING EMPLOYMENT SITE WITH REMAINING DEVELOPABLE LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G507</b> <b>St Georges</b>	Existing / Potential	3.42 (1.13 ha net developable)	Within PEA JE1.5	30	RETAIN EXISTING BUSINESS ON THE SITE, BUT REMAINING DEVELOPABLE LAND UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G30</b> <b>Automotive Centre Of Excellence, Kingsway South</b>	Existing	0.58	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G40</b> <b>Former Saia Burgess Electronics</b>	Existing/Potential	2.27 net developable	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE WITH REMAINING DEVELOPABLE LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G241</b> <b>Anson Ltd N205</b>	Existing	5.22	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G291</b> <b>Hammond Expanders UK</b>	Existing	1.45	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G328</b> <b>West Part Of Former Rolls Royce</b>	Existing	0.96	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G385</b> <b>Queensway/Third Ave</b>	<b>Allocation</b>	0.18	Allocated site (JE2.11) within PEA	29	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G395</b> <b>Fifth Ave Business Park</b>	<b>Allocation (part developed)</b>	2.43 (1.46 ha net)	Allocated site JE2.12 within PEA JE1.5	29	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G396</b> <b>Princesway / Centralway</b>	<b>Allocation</b>	1.28	Allocated site JE2.10 within PEA JE1.5	29	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G501</b> <b>Maingate Phase IIA</b>	Existing/Potential	2.49 (of which 0.5ha remains)	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE WITH REMAINING DEVELOPABLE LAND TO BE ALLOCATED FOR EMPLOYMENT USE

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Rank-ing	Site to be Retained / Allocated / Deallocated / Excluded
<b>G503 Marian Engineering</b>	Existing/Potential	0.99 (0.47 ha net)	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH REMAINING DEVELOPABLE LAND TO BE ALLOCATED FOR EMPLOYMENT USE.
<b>G506 Mondi / Plot 3</b>	Existing	0.69	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G513 Team Valley Business Centre, Earlsway</b>	Existing/Potential	0.85 (net devel opabl e)	Within PEA JE1.5	29	VACANT LAND WITHIN EXISTING SITE TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G523 Dukesway Central</b>	Existing/Potential	1.38 (net devel opabl e)	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G532 Diplomat Building, Princes Park</b>	Existing	1.00	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G534 Tyneside Safety Glass Site</b>	Existing	0.81	Within PEA JE1.5	29	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G19 Land Between Kingsway South, &amp; Sainsbury's</b>	<b>Allocated</b>	0.79 (0.71 ha net)	Allocation JE2.14 within PEA JE1.5	28	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G49 Site Of Former Huwoods Factory</b>	Existing/Potential	4.38 net devel opabl e area	Within PEA JE1.5	28	SITE SUITABLE AS AN EMPLOYMENT ALLOCATION
<b>G426 Vacant Factory / Warehouse, Former Dunlop Hydraulic</b>	Existing/Potential	2.56 (of which 0.26h a remai ns)	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE WITH REMAINING DEVELOPABLE LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G431 Former Rolls Royce Factory, Kingsway South</b>	Existing	0.91	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G451 Protector Security Services Ltd</b>	Existing	0.11	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G462 Fells Road</b>	Existing	0.42	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Rank-ing	Site to be Retained / Allocated / Deallocated / Excluded
<b>G464 Rubbs Building, Dukeway</b>	Existing	1.03	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G504 Kingsway Third Avenue</b>	Existing	1.32	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G505 Loblite</b>	Existing	0.65	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G524 Former Removals depot</b>	Existing	0.41	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G525 Dukeway Court</b>	Existing	0.41	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G526 362 Dukeway</b>	Existing	0.64	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G527 Former Athenaeum Press</b>	Existing	0.65	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G529 Carillion, Colmet Court</b>	Existing	0.28	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G530 Mayflower House</b>	Existing	0.73	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G533 Autotrader</b>	Existing	0.23	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G535 Vacant Unit Blaydon Park</b>	Existing	1.39	Within PEA JE1.5	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G436 UK Land Estates, Earls Park North, Earlsway</b>	Existing	0.95	Within PEA JE1.5	27	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G459 Eastern Avenue</b>	Existing	1.18	Within PEA JE1.5	27	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G471 Former factory/ warehouse, Earlsway</b>	Existing	0.36	Within PEA JE1.5	27	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G474 Bamburgh Court</b>	Existing	0.15	Within PEA JE1.5	27	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G502 1 Earls Park North</b>	Existing	2.01	Within PEA JE1.5	27	RETAIN AS AN EXISTING EMPLOYMENT SITE



Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Rank-ing	Site to be Retained / Allocated / Deallocated / Excluded
<b>G509</b> <b>Seventh Avenue / Queensway</b>	Existing	0.69	Within PEA JE1.5	27	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G521</b> <b>NE Fruit &amp; Veg Market, Derwent Way</b>	Existing/Potential	1.00 (net developable)	Within PEA JE1.5	27	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G528</b> <b>Ethical Superstore</b>	Existing	0.67	Within PEA JE1.5	27	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G458</b> <b>Tyne &amp; Wear Pallets, Lamesley Sawmill</b>	Existing	0.37	Green Belt	24	RETAIN AS AN EXISTING EMPLOYMENT SITE

9.70 In summary, 44 sites have been assessed against the key indicators and are generally rated as being of good quality. This is reflective of the high commercial demand for sites in the estate; therefore when sites become available they generate much interest from both owner occupiers and/or developers. The rents achievable on the estate allow for viable redevelopment of speculative units in normal market conditions, hence as the age of some of the building stock means that sites regularly come forward for redevelopment and recycling of the existing stock is expected to continue.

9.71 However, the estate suffers from relatively poor public transport linkages, whilst the A1 suffers from severe congestion at peak times and still remains very busy at other times. These issues could restrict future development of the estate particularly when this would lead to increased employment due to increased densities. The Council seeks to support greater access through alternative means of transport such as cycle routes and Kingsway North Bus Corridor Improvements. However, the improvements to the A1 including the Lobley Hill junction and ramp metering will be essential to support greater development on the estate. Given the importance to the Borough's economy of the estate, it is recommended that the appraisal sites are to continue in employment use, with the PEA protection retained. Waste management facilities would generally be inappropriate in this location.

### PEA Summary

9.72 Team Valley is the prime employment location within the Borough and arguably within the region. It is well located, well laid out and has good estate infrastructure. Demand is strong and industrial rents for new accommodation allow viable private sector redevelopment. The estate is close to full capacity but recycling of sites ensures continuing development opportunities. However, junction capacity issues on the Western Bypass may prevent new development that would result in higher job densities, such

as office floorspace. Through any future change to the PEA policy, new policy could establish a requirement that proposals for significant, high density B1a office development in the Team Valley would need to be justified against the NPPF guidance. This states, inter alia, that LPAs should apply a sequential test to planning applications for main town centre uses (including offices) that are not in an existing centre and which are not in accordance with an up-to-date Local Plan [para 24]. According to the NPPF, an impact assessment would also be required in these circumstances, where the proposed office development is over a proportionate, locally set threshold (with a default of 2,500 sqm) [para 26].

- 9.73 **Consequently, it will be important to protect and enhance the existing PEA, which will provide future redevelopment opportunities for B1, B2 & B8. This should include incubation and move-on accommodation for SMEs. Opportunities to extend the boundaries appear difficult given the policy constraints of Green Belt allocations, flood risk issues and capacity problems on the Western Bypass (See Section 10.0). Any new proposals for office space in the Team Valley would need to comply with the policy set out in the NPPF.**

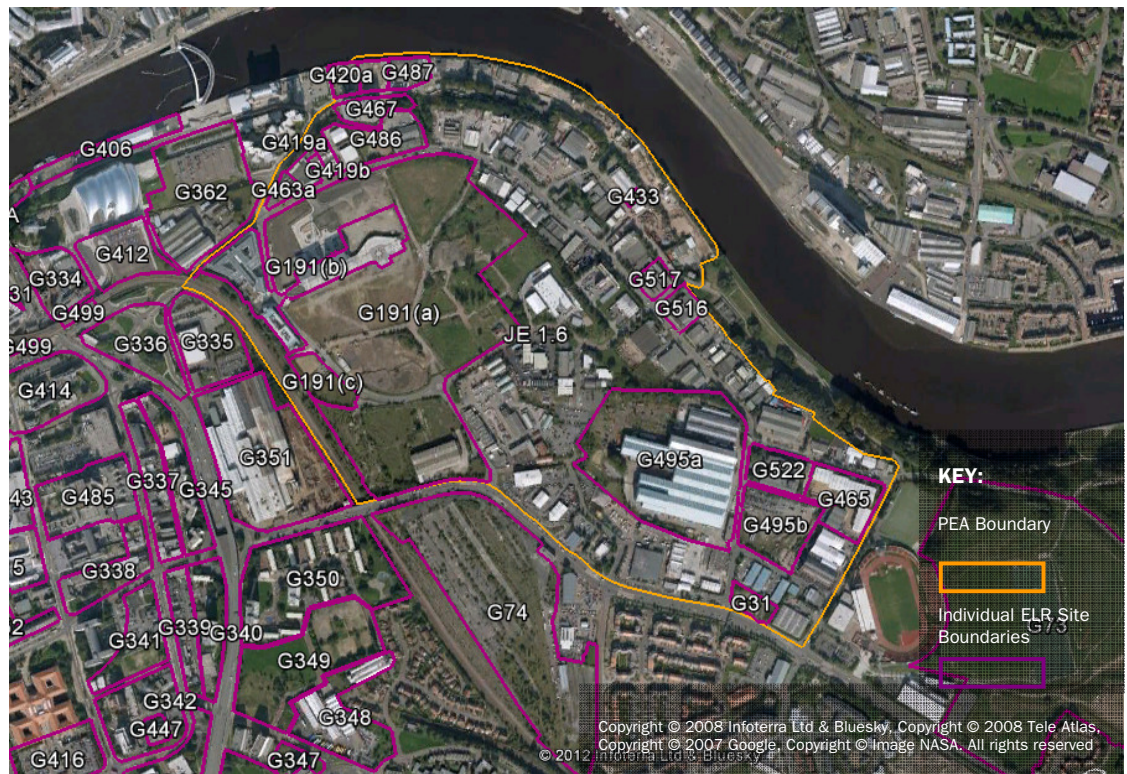
## East Gateshead PEA

### Overview

- 9.74 The area is located to the north-east of Gateshead Town Centre and Gateshead Quays and, as illustrated in Figure 9.6, is well-defined by distinct physical boundaries including the railway line to the west, the A184 to the south and the River Tyne to the north. The area can be broadly divided into three sub-areas including the riverside and Gateshead Quays; Baltic Business Quarter; and the remaining older industrial estates generally in active use. The PEA comprises a key urban core location for the Council including Hawks Road, BBQ and various edge-of-centre locations for town centre uses. It provides a unique opportunity for transformational change in the heart of NewcastleGateshead.



Figure 9.6 Boundary of East Gateshead PEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.75 The current mix of uses range from the more traditional forms of business accommodation in the form of workshops and factory units to the new high-spec offices on Baltic Quays and the Quayside Campus of Gateshead College. Among the large single users is the Clarke Chapman industrial complex that is located towards the eastern end of the PEA. The Gateshead Council Environmental Services Depot is also located within this boundary. Vacancy rates for offices in the PEA are very high, at 58%, compared to 17% for the industrial / warehousing. Five sites totalling 2.32 hectares have been taken up since April 2000.
- 9.76 In total, 19 existing and committed employment sites were appraised within and adjoining this PEA:

Table 9.7 Existing and Committed Employment Sites Appraised in East Gateshead PEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G31</b> <b>Former Stadium Service Station, Park Road</b>	Existing/Potential	0.32 net developable area	Within PEA JE1.6	28	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G191b</b> <b>BBQ –</b>	<b>Existing</b>	2.75	Within PEA JE1.6. Allocated employment site,	28	RETAIN AS AN EXISTING

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>Gateshead College</b>			the BBQ		EMPLOYMENT SITE
<b>G191c BBQ – Energy Centre Site</b>	<b>Allocated</b>	0.65 (0.58ha net)	Within PEA JE1.6. Allocated employment site, the BBQ	28	PROPOSED ENERGY CENTRE: DEALLOCATE
<b>G191a Baltic Business Quarter (east)</b>	<b>Allocated</b>	17.16 (11.3ha net B-class component)	Within PEA JE1.6. Allocated employment site, the BBQ	27	RETAIN AS AN EMPLOYMENT ALLOCATION WITH A MIXED USE COMPONENT
<b>G420a One Millenium Quay, South Shore Road</b>	Existing/Potential	0.31 (0.29ha net)	Within PEA JE1.6	27	SITE SUITABLE AS A MIXED USE ALLOCATION WITH A B1 OFFICE COMPONENT
<b>G419a East of Ramada Encore</b>	Existing/Potential	0.18 (net developable)	Within PEA JE1.6	25	EXTANT PLANNING PERMISSION FOR MIXED USE DEVELOPMENT INCLUDING 4,960SQM B1A OFFICE BLOCK 4/5 STOREYS HIGH. SUITABLE EMPLOYMENT ALLOCATION TO BE RETAINED.
<b>G419b Ramada Encore Hotel</b>	Existing/Potential	0.24	Within PEA JE1.6	25	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G463 Mill Road, East Gateshead PEA</b>	Existing/Potential	0.21 (0.1ha net office developable area)	Within PEA JE1.6	25	SITE SUITABLE AS A MIXED USE ALLOCATION WITH A B1 OFFICE COMPONENT
<b>G486 Baltic Place Phase II</b>	Existing/Potential	1.21 (0.49ha available, of which 0.24ha could be office)	Within PEA JE1.6	25	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR MIXED USE WITH AN ELEMENT OF B1 OFFICE
<b>G517, Saltmeadows Road</b>	Existing	0.32	Within PEA JE1.6	25	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G420b Jurys Hotel,</b>	Existing/Potential	0.32	Within PEA JE1.6	24	HOTEL NOW BUILT ON SITE _ UNSUITABLE

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>South Shore Road, Gateshead</b>					EMPLOYMENT ALLOCATION
<b>G467 Baltic Place</b>	Existing	0.52	Within PEA JE1.6	24	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G495b Vacant Site, Stadium Road</b>	Existing/Potential	1.54 (0.92ha net)	Within PEA JE1.6	24	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G516 17A-C, Saltmeadows Road</b>	Existing	0.41	Within PEA JE1.6	24	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G433 Land Adjacent To Senate Electrical South Shore Road</b>	Existing/potential site	0.06 net developable area	Within PEA JE1.6	23	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G487 Viscom House, South Shore Road</b>	Existing	0.41	Within PEA JE1.6	23	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G495a Clark Chapmans Works</b>	Existing	6.52	Within PEA JE1.6	23	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G522 Baltic Business Centre</b>	Existing	0.78	Within PEA JE1.6	23	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G465 Neilson Road, Saltmeadows</b>	Existing	1.20	Within PEA JE1.6	22	RETAIN AS AN EXISTING EMPLOYMENT SITE

9.77 In summary, 19 sites have been assessed against the key indicators and, with some notable exceptions, are generally rated as average or good. Of these, one comprises an employment allocation totalling 11.30 ha net (the remaining land at the Baltic Business Quarter); other areas in the east of the PEA appear underused and it is estimated that the seven existing sites could provide a further 2.2 ha net.

9.78 Public sector funding for remediation (using the Direct Land Grant) and infrastructure provision has resulted in key infrastructure and land assembly at Baltic Business Quarter. This has been underpinned by its status as a regional priority for development and inclusion within the RS as a Key Employment Location. Sites with river frontage, such as G420 and G487,

would be expected to be attractive to the private sector but public sector funding or cross subsidy from more valuable uses will be required elsewhere. The area may also benefit from the Regional Growth Fund and Accelerated Development Zone. If the bids are successful, GMBC may have the opportunity to utilise TIF for infrastructure improvements such as quay wall improvements, extending Baltic Business Quarter boulevard, the development of a district heating network, car parking and roll out of an open-access fibre optic network.

- 9.79 The PEA is immediately accessible via the strategic highway network although the intersection of the A184 and A167 is already at and exceeding its capacity, resulting in congestion, particularly at peak times in and around Gateshead Town Centre. Quaylink bus provision serves the western area of the site and connects with Gateshead Interchange, Newcastle Quays and Newcastle City Centre. This has impacted upon the scoring of G191a in particular, given the size of the site, although overall it is clearly the one of the best and most prestigious sites in the Borough generally and is an excellent fit with planning policy at a national, regional and local level.
- 9.80 The PEA has significant level changes between the southern boundary with the A184 and the northern boundary with the River Tyne. These are most obvious immediately to the east of the Baltic complex and include parts of G191a where the changes in levels are provided for by the use of vertical retaining walls and extensive landscaping.
- 9.81 In the north west part of the PEA in G191b, Gateshead College's new campus provides a focus for related and complementary developments and a possible focus for office activity in the adjoining G191a northern area, with some potential for more educational uses. Here there is also scope for further office development to enable the establishment of critical mass around Baltic Place and Baltic Business Quarter. BBQ also has potential to accommodate mixed use development such as a range of leisure, sport, tourism and educational uses. Reducing the scale of BBQ would not necessarily help the regeneration of the Town Centre. It would however limit the opportunity to establish an office park with a substantial critical mass very close to the heart of the City Region. Moreover as BBQ becomes established the viability of private sector development will improve.
- 9.82 Elsewhere, this PEA would be expected to provide for a range of business uses, principally within use classes B2, with a wider mix of commercial activity along the frontage to the Felling Bypass.
- 9.83 Waste management facilities are generally inappropriate in this location, as this would impact on the market perception of the area and make it harder to sustain the regeneration of Gateshead Quays and Baltic Business Quarter.

## PEA Summary

- 9.84 This is a complex PEA. Parts are old and densely developed; in other areas the layout is better and recent industrial development has occurred; in the west considerable investment in land assembly, site clearance and infrastructure provision have created a substantial development site on the edge of the town centre, giving it a strategic role at the heart of NewcastleGateshead.
- 9.85 The north-western part of the Baltic Business Quarter contains offices and non-B class uses (i.e. Gateshead College); further office development with uses such as hotels, would be appropriate in this area and would prove an excellent fit with local, regional and national planning policy. It is important that a critical mass is achieved to establish this as an office park of sub-regional importance, even though this is likely to take many years.
- 9.86 **East Gateshead should be retained as a Primary Employment Area accommodating use classes B1, B2 & B8. The Baltic Business Quarter (G191a) is a key office development site recognised by the 1Plan and ADZ bid. However, given its size it should be subject to more detailed masterplanning and market assessment work to test its suitability to create a more mixed use working and leisure environment, rather than being restricted to purely B1 office uses (albeit recognising that the alternative option of retaining the whole area for office use could also be explored). The Design Centre for the North accommodates creative industries and proposals to provide offices for small and start-up businesses are to be encouraged. Move-on accommodation for such businesses should also be supported.**
- 9.87 The eastern part of the PEA is a predominantly industrial area and as sites come forward for redevelopment it will be important to ensure that they do not restrict continuing industrial operations. The southern edge is poorly linked to the main part the PEA. Improved access routes through this southern strip should be considered.

## Felling PEA

### Overview

- 9.88 Felling PEA is situated on the south side of the Tyne, to the east of Gateshead International Stadium as illustrated in Figure 9.7.



Figure 9.7 Boundary of Felling PEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.89 The range of uses in this PEA predominantly comprises the more traditional types of business accommodation in the form of factory, workshop and storage units. Most premises are warehouse and factory units occupying sites of around 1-2 hectares. There are also concentrations of lower quality older industrial premises and scrapyards / waste processing sites in the area. A number of distribution units occupy modern premises which are located throughout this area. There is a limited amount of low specification office accommodation including Design Works' SME accommodation.
- 9.90 At the eastern end, recent developments include a car showroom and self-storage premises. The largest single user is the Akzo Nobel factory which occupies a site of approximately 10 hectares in the north east corner of the PEA which includes an area of river frontage. This company is proposing expansion on its site.
- 9.91 It is estimated that amongst B2/B8 industrial premises there is a vacancy rate of around 8% and amongst offices a vacancy rate of 14%.
- 9.92 In total, 17 existing and committed employment sites were appraised in and adjoining this PEA:

Table 9.8 Existing and Committed Employment Sites Appraised in Felling PEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G165</b> <b>Land at Brewery Lane, Felling</b>	<b>Allocated</b>	4.70 (3.76ha net)	Allocated site JE2.16 within PEA JE1.7	28	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G423</b> <b>Fendorhansen Heworth House, William Street</b>	Existing	0.88 (0.26ha net)	Within PEA JE1.7	28	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G421</b> <b>Land North Of Stoneygate Close</b>	<b>Allocated</b>	2.51 (0.63ha available )	Allocated site JE2.18 within PEA JE1.7	27	DEALLOCATE SITE
<b>G440</b> <b>Former Jet Service Station, Felling Bypass</b>	Existing (vacant site)	0.22 (net)	Within PEA JE1.7	27	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE - ALTERNATIVE USE RECOMMENDED
<b>G518</b> <b>Former Coast &amp; County, Green Lane</b>	Existing/potential	0.87 (0.22ha net)	Within PEA JE1.7	27	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G519</b> <b>Van Hee, William Street</b>	Existing/potential	2.00 (0.2ha net)	Within PEA JE1.7	27	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G180</b> <b>Former Morrisons Depot, Abbotsford Rd</b>	Existing	5.55	Within PEA JE1.7	26	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE - ALTERNATIVE USE RECOMMENDED
<b>G371</b> <b>Land at Sunderland Rd &amp; Carlisle Street</b>	Existing	0.47	<b>OUTWITH PEA</b> Unallocated industrial site in close proximity to rail station	26	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G496</b> <b>Bath Road</b>	Existing / potential site	1.09 (net developable area)	Within PEA JE1.7	26	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G510</b> <b>Adjacent to</b>	Existing / potential	0.11 net developa	Within PEA JE1.7	26	REMOVE PEA PROTECTION FROM

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>British Lion</b>	site	ble area			EXISTING EMPLOYMENT SITE - ALTERNATIVE USE RECOMMENDED
<b>G520 Abbotsford Road, Felling</b>	Existing	0.26	Within JE1.7 PEA	26	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G475 Abbotsford Road, Gateshead</b>	Existing	1.47	Within JE1.7 PEA	25	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE, TO BE RETAINED
<b>G383 Nest Road</b>	Existing	1.12	Allocated site JE2.17 within PEA JE1.7	24	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G429 W. MCGovern &amp; Co Ltd, Nest Road</b>	Existing	0.71	Within JE1.7 PEA	24	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G446 Washington Metal Works Ltd, Bath Road</b>	Existing	1.42	Within JE1.7 PEA	24	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G466 Felling Business Centre</b>	Existing/potential site	1.13 net developable area	Within JE1.7 PEA	24	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE ALLOCATED FOR EMPLOYMENT USE
<b>G476 Stoneygate Lane</b>	Existing	0.08	Within JE1.7 PEA	22	RETAIN AS AN EXISTING EMPLOYMENT SITE

9.93 17 sites have therefore been assessed against the key indicators and are generally rated as being of average or good quality. Of these sites, two sites comprise existing allocations, G165, comprising 3.76ha (net) and G421 (originally 2.51ha, of which only 0.63ha remains developable). The majority of sites are previously developed and range from requiring substantial clearance and remediation of existing buildings and structures, to other sites which are readily available for development. Sites G466 (1.13ha), G496 (1.09ha) G423 (0.26ha), G518 (0.22ha) and G519 (0.20ha) are existing sites that have vacant land that would be suitable for employment uses in future. All have suitable access in place and could feasibly provide for a range of employment land requirements in use classes B2 and B8. Some of the larger sites could potentially be subdivided in order to provide smaller units or warehouse/workshop complexes.

9.94 Site G476 scored poorly with regards development constraints and market attractiveness. The site is an anomaly - a small area of land that forms an integral part of a major manufacturing complex which cannot be regarded as



a separate entity when assessing it as a site. This site apart, there are no major constraints that would prevent any sites from being redeveloped and there is also potential for the recycling of existing sites within the PEA. Bespoke development will be viable but speculative development will be of marginal viability without public sector funding.

9.95 At the eastern end of Felling PEA are some large vacant warehouses that adjoin housing and where there are sites in non-employment use. As the PEA has some surplus capacity, consideration should be given to redrawing the boundary of the PEA to exclude these sites (G180, G421, G440 & G475). Similarly, at the northern tip of the PEA, the boundary could be redrawn to exclude a travellers site (G271) and undeveloped land (G68). Redrawing the boundary is also considered appropriate as there is sufficient capacity for development in more centrally-located parts of the PEA and the potential to provide a more clearly-defined boundary as a result. The eastern area has a high level of vacancies and general under-use of existing employment areas. There are also a number of lower-value uses in the eastern part of the PEA, with greater potential for alternative uses that would benefit from close linkages to the Heworth Interchange. In considering alternative uses for these areas, regard should be had to the operational requirements of the businesses within the PEA.

9.96 At Felling it is considered that the potential for new waste management facilities would be appropriate. The siting of waste management facilities needs to be sensitive to the pockets of housing. G165 provides a large site that is reasonably well screened; at its western end a buffer strip can be incorporated to mitigate its impact on a short terrace of housing. The site can be accessed without going through residential areas, has good access to labour and services and there are no issues of trunk road congestion relating to the site. The area would also benefit from improvements to the Heworth roundabout junction (A195/A185).

### PEA Summary

9.97 Felling PEA is reasonably successful and has supported recent bespoke development. In the north east corner Akzo Nobel is a major employer that is continuing to expand; its growth should not be constrained by incompatible neighbouring uses. There is a pocket of residential at this eastern end of the PEA which adjoins a large warehouse that has been vacant for a substantial period.

9.98 **Felling should be retained as a Primary Employment Area to accommodate B1, B2, and B8 employment uses, including environmental industries. However, there may be an opportunity to amend the boundaries of the PEA to exclude G180, G421, G475, G440, G271 and G68, given surplus capacity within the PEA and the peripheral nature of these sites.**  
Adjustments to the PEA boundary must ensure that the operations of existing successful businesses are not hampered by the possible introduction of incompatible neighbouring uses as a result. On the western side of the PEA brownfield sites may require some public sector intervention to allow their

redevelopment for employment uses. Here, careful consideration should be given to those areas which adjoin pockets of housing. The northern part of the PEA is a modern industrial estate where there has been recent development and it should be protected.

## Follingsby PEA

### Overview

9.99 Follingsby is located to the east of the A194(M) in the east of Gateshead. As illustrated in Figure 9.8, the eastern boundary of the site is also the eastern extent of the administrative area of Gateshead.

Figure 9.8 Boundary of Follingsby PEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

9.100 The current range of uses at Follingsby Park is largely restricted to logistics and small-to-medium scale distributions operations. There are also a more limited range of B1/B2 premises, although the majority tend to be ancillary to the B8 operations. The area has also proved to be attractive to non-employment uses such as children’s play, a police training unit and a veterinary hospital amongst other uses. Eleven sites totalling 12.51 hectares have been taken up since April 2000. There are four allocated employment sites within the PEA totalling 8.64ha net:

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G310</b> Land Adjacent To South Follingsby Farm	<b>Allocation (part developed)</b>	4.01 (1.28ha net)	Allocated site JE2.25 within PEA JE1.8	27	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G391</b> W of Follingsby Way	<b>Allocation (part developed)</b>	4.64 (1.39ha net)	Allocated site JE2.21 within PEA JE1.8	27	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G392</b> Follingsby Avenue	<b>Allocation</b>	0.93	Allocated site JE2.20 within PEA JE1.8	27	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G384</b> Follingsby Ave/White Rose Way	<b>Allocation (part developed)</b>	12.61 (5.04ha net developable area)	Allocated site JE2.25 within PEA JE1.8	24	RETAIN AS AN EMPLOYMENT ALLOCATION

Table 9.9 Existing and Committed Employment Sites Appraised in Follingsby PEA

9.101

In summary, four allocated sites have been assessed against the key indicators and are generally rated highly. Some mitigation of trunk road congestion may be required and the sites are not in close proximity to labour & services, but from a market perspective they are highly attractive. In the medium term the estate can be expected to be developed to capacity. All of the remaining plots are readily available for development. Whilst in the current economic environment there is development activity has stalled, the rents achievable at Follingsby have allowed a steady rate of viable speculative development, and this can be expected to return as the market recovers.

9.102

There are few constraints to the development of sites G391 and G310 at Follingsby Park, although development has commenced on a police training facility on the latter site and only 1.28ha remains. The other plots are fully serviced and each has either a roundabout spur or dedicated vehicular access from internal estate roads. The development of the site has taken place relatively recently and the internal estate roads have been designed to meet the specific needs of warehouse users including logistics operations for which the estate is suitably located and serviced. However, whilst the PEA's proximity to the A194(M) and direct access from a major grade-separated junction provides excellent strategic access, the Highways Agency have expressed significant concerns regarding the capacity of the trunk road network to accommodate significant increases in traffic at peak times. The estate has the potential to benefit from links with bus services from the proposed Follingsby Park and Ride. Further improvements may also be required to the local road network (A195) including bus facilities and junction improvements.

- 9.103 A small area in the south-east corner of the PEA in site G384 is likely to remain undeveloped as a result of drainage issues. The pond and the immediate surrounding area should be retained, given the presence of Great Crested Newts. The presence of European Protected Species of Great Crested Newts on sites G310 and G384 will mean that development on these sites is likely to require licensed mitigation involving Natural England and habitat creation such as wetland features.

### PEA Summary

- 9.104 In summary, Follingsby is a distribution park of regional importance that is well located to serve the Tyne and Wear urban area with excellent access to the strategic highway network. In the medium term the park will reach capacity and serious consideration should be given to allocating additional land to allow its expansion, although it is recognised that highways capacity is very limited on the adjoining trunk road network at peak times. This could preclude the viability of a new southern extension of the estate (see Section 10.0).

- 9.105 **Follingsby should be retained as a Primary Employment Area with a specific focus on B8 distribution but with compatible B1b and B2 uses** (albeit highways considerations would again need to be explored in further detail with the Highways Agency). **Consideration should be given to tightening the control of development/change of use to maintain the area's prime function as a destination for manufacturing, distribution and logistics. GMBC should consider opportunities to extend the PEA in the medium term, given that stakeholders have identified that this area of Tyne and Wear is generally an area of high demand.** Extending the PEA would require incursions into Green Belt land, hence options for Green Belt release in this location should be carefully assessed in conjunction with the adjoining authorities of Sunderland and South Tyneside, which are also seeking to allocate new employment land in the vicinity.

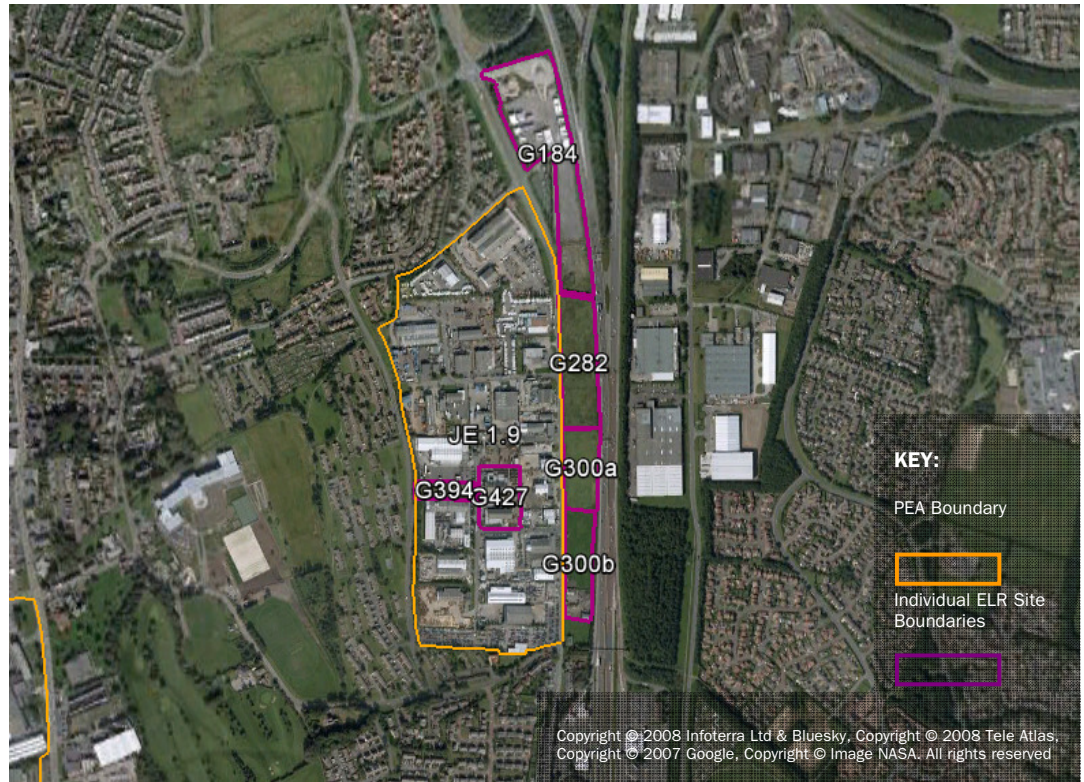
### Portobello PEA

#### Overview

- 9.106 The industrial area of Portobello is located on the western side of the A1(M) some 3.6 km north of Chester-le-Street and 1.5km east of Birtley Town Centre, as illustrated in Figure 9.9.



Figure 9.9 Boundary of Portobello PEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.107 Portobello is a traditional industrial area which is very well occupied with a range of occupiers including TOR Coatings, Asphaltic Roofing Supplies, Hewden Power Plant Hire and Dove Building Materials. There are also some trade retail users including Volvo, Mercedes Bell and a Camping and Caravanning Retailers and service industries including Rowlands Accountants. There is one remaining allocated employment site of 0.42 hectares within the PEA. No sites have been taken up since April 2000.
- 9.108 In total, three existing and committed employment sites were appraised within and adjoining this PEA:

Table 9.10 Existing and Committed Employment Sites Appraised in Portobello PEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G394 Shadon Way</b>	<b>Allocation</b>	0.42 (net developable)	Allocation JE2.19 within PEA JE1.9	27	RETAIN AS AN EMPLOYMENT ALLOCATION

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G427</b> <b>Midland Steel Traders Ltd., Shadon Way</b>	Existing	1.00	Within PEA JE1.9	25	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G184</b> <b>Former Night Owl truck Stop, Birtley</b>	Existing	3.86	Unallocated out of centre site; comprises a vacant depot with derelict buildings	26	RETAIN AS AN EXISTING EMPLOYMENT SITE

9.109 In summary, three sites have been assessed against the key indicators and are rated as being of average or good quality. It is recommended that they are retained for employment use. Although the motorway is in very close proximity, access to the PEA is poor and the Junction with the A1M congested at peak times. This limits the viability as a distribution warehouse location. However, the remaining allocated site in the PEA, G394, , scored in the top third of sites appraised in Gateshead, and its retention for employment use is advised.

9.110 In addition, to the north, the 4ha G184 site has been granted planning permission for the erection of a regional automotive complex for Arnold Clark, demonstrating market demand from a range of users, and hence it should retain its existing employment use, although it is considered that an adjustment to the PEA boundary to accommodate this site would be unnecessary.

9.111 Waste management facilities are considered inappropriate in this PEA due to prominence of this location and surrounding residential areas.

### PEA Summary

9.112 In contrast to the stock of premises elsewhere in Birtley, Portobello offers a relatively modern estate with a range of units suited to local businesses in close proximity to the strategic highway network. It is thus an important local industrial estate which is virtually at capacity where opportunities to extend should be given serious consideration.

9.113 **Consequently, Portobello should be retained as a Primary Employment Area, to accommodate use classes B1c, B2 & B8. Further office provision (B1a) should not be permitted.**

## Durham Road, Birtley PEA

### Overview

- 9.114 The PEA lies to the east of the East Coast Mainline railway and to the west of Birtley town centre. The southern part of the PEA fronts Durham Road. The northern part is set back from Durham Road and separated from the town centre by housing, as illustrated in Figure 9.10.

Figure 9.10 Boundary of Durham Road, Birtley PEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.115 The PEA can be categorised into 3 sub areas. At the southern end, there are a mix of retail based occupiers and industrial users including Hogarth Coachworks, Dobbies Garden Centre, CarCraft, AEI Cables and Komatsu. To the north west of this is the largest industrial occupier, BAE Systems. Other occupiers which are considered 'bad neighbour' uses due to dirt, noise and traffic, include Rockwood Pigments and Birtley Building Products. To the eastern boundary is residential land use, open space and the golf course. At the centre is Birtley town centre with retail units and a small number of offices above shops. Around 18% of vacant space relates to office units, compared to around 16% for the industrial / warehousing.
- 9.116 In total, 12 existing and committed employment sites were appraised in and adjoining this PEA.



Table 9.11 Existing and Committed Employment Sites Appraised in Durham Road, Birtley PEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G305</b> <b>H R SUPPLIES LTD,</b> <b>Newcon Depot</b>	Existing	0.26	Unallocated site with a history of former industrial uses.	26	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G372</b> <b>Land at Station Road,</b> <b>Birtley</b>	Existing	1.21	Unallocated site in an industrial setting	26	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G439</b> <b>Former Finning Uk Ltd,</b> <b>Durham Road</b>	Existing	3.90	Within PEA JE1.10	26	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE - ALTERNATIVE USE RECOMMENDED
<b>G158</b> <b>Dobbies Garden World</b>	Existing	1.94	Within PEA JE1.10	25	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE - ALTERNATIVE USE RECOMMENDED
<b>G268</b> <b>Imex Properties, Imex Business Centre,</b> <b>Station Lane</b>	Existing	1.54	Within PEA JE1.10	25	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE, TO BE RETAINED
<b>G430</b> <b>Chatfields Tyne Tees,</b> <b>Chatfields</b>	Existing	1.71	Within PEA JE1.10	24	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE
<b>G449</b> <b>Coupe Construction Ltd,</b> <b>Station Lane</b>	Existing	0.12	Unallocated site within an industrial setting	25	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G181</b> <b>BAE Systems, Birtley</b>	Existing	11.12	Within PEA JE1.10	23	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE - ALTERNATIVE USE RECOMMENDED
<b>G185</b> <b>AEI Cables, Durham Road</b>	Existing	10.13	Within PEA JE1.10	23	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G497</b> <b>Rockwood Pigments</b>	Existing	8.95	Within PEA JE1.10	23	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE



Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G450</b> <b>Birtley Building Products Ltd, Mary Avenue</b>	Existing	4.86	Within PEA JE1.10	22	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE
<b>G63</b> <b>Site Of Former Chemicals Factory, North Of Elementis Pigments</b>	Existing (vacant site)	3.75	Within PEA JE1.10	21	REMOVE PEA PROTECTION FROM EXISTING EMPLOYMENT SITE

- 9.117 Of the 12 appraisal areas, sites to the north of G268 on Station Lane, specifically G181, G497, G450 and G63, are rated poorly in terms of both strategic and local road access. These sites would also have a generally adverse impact on trunk road congestion. In this location, the development of serviced, remediated site for employment uses is unlikely to be viable. Sites such as BAE (G181) will require significant expenditure to clear and remediate the land prior to redevelopment. This investment is unlikely to come from a private investor and would most likely require public sector funding to enable large scale redevelopment. There would be issues over demand and viability of such a large scheme in this location and whether the rents achievable would make development worthwhile.
- 9.118 Land available for redevelopment is likely to be contaminated by previous industrial uses (i.e. G63), and remediation would be required prior to any development.
- 9.119 A high proportion of premises are old engineering workshops of poor specification. These include BAE systems (G181), which has been vacated and a planning application has now been granted (subject to a s.106 agreement) for residential use. There is little prospect of such premises finding new occupiers, and in many cases redevelopment for alternative uses, such as residential, will be more likely than reoccupation. Any redevelopment at the BAE site could include an element of employment workshops/workplaces. Some heavy industry will continue to be based in Birtley and this will have an impact on the demand for adjoining sites and premises. Demand will increasingly be limited to businesses requiring low cost premises.
- 9.120 Non-employment uses (such as Dobbies Garden Centre and Car Craft) have encroached into the southern industrial area, which weakens the industrial role of the PEA. There is a continuing role for employment uses in this PEA but this will need to be subsidised by the public sector. It is considered that a mix of uses could be appropriate in these areas, given their relationship to existing residential areas.

- 9.121 Given the scale of some of the sites expected to come forward in the medium term, a comprehensive approach to their clearance, remediation, servicing and redevelopment will be required. The amount of employment land required in the future will be much reduced and part of this PEA should be considered for alternative uses allowing the potential for cross subsidising the provision of small local employment provision.
- 9.122 Expansion of the PEA is constrained to the south, east and west, although there would be potential to expand to the north. Poor access from the strategic highway network limits the potential redevelopment of sites for employment use. Although Durham Road itself is adequate, other roads are inappropriate for HGV traffic and the scoring of the sites reflects this.
- 9.123 Waste management facilities would be inappropriate in the southern part of the PEA, but could be accommodated in the north-western corner where the impact on housing areas can be mitigated.
- 9.124 Some loss of employment land is therefore recommended here, with a careful realignment of the PEA boundary; however, sites in the central part of the estate should be retained for employment use.

#### PEA Summary

- 9.125 The southern part of the PEA now accommodates various non-employment uses. It is a reasonably accessible location in close proximity to Chester-le-Street (an area with a tight supply of employment land). Redevelopment of previously developed employment sites requires public sector subsidy and some large scale retail uses have been developed (e.g. Dobbies Garden Centre and CarCraft). There are large old factories occupied by businesses in sectors with limited growth prospects. If these were to become available a sudden, and potentially significant, oversupply of employment land would result.
- 9.126 **It is recommended that the central PEA area should retain its broad PEA employment policy protection, but that other commercial uses could be allowed further south to encompass the CarCraft (G439), Chatfields (G430) and Garden Centre (G158) sites.**
- 9.127 In the northern area, the situation is more fluid – a number of long-standing occupiers, most notably BAE (G181), are intending to move out in the foreseeable future, and residential permission has now been granted (subject to a s.106 agreement) for residential use on the site. As such, PEA protection should be removed from the site and alternative uses considered.
- 9.128 **It is considered that a mix of uses could be appropriate in these northern areas, given their relationship to existing residential areas, and it is recommended that the PEA boundary is revised to reflect this. Consequently it is recommended that the PEA protection be concentrated to an area immediately below G268 on Station Lane to the north, and**

below site G185 to the south. A masterplan or Area Action Plan could be appropriate for this area in order to ensure the PEA's sustainable future.

- 9.129 Use classes B1, B2 & B8 should be permitted in the PEA. Environmental industries should be encouraged to co-locate on land to the west of the railway, beyond the boundary of the PEA. Office provision should be encouraged particularly on those parts of the PEA close to Birtley Town Centre subject to satisfying the requirements of the NPPF.

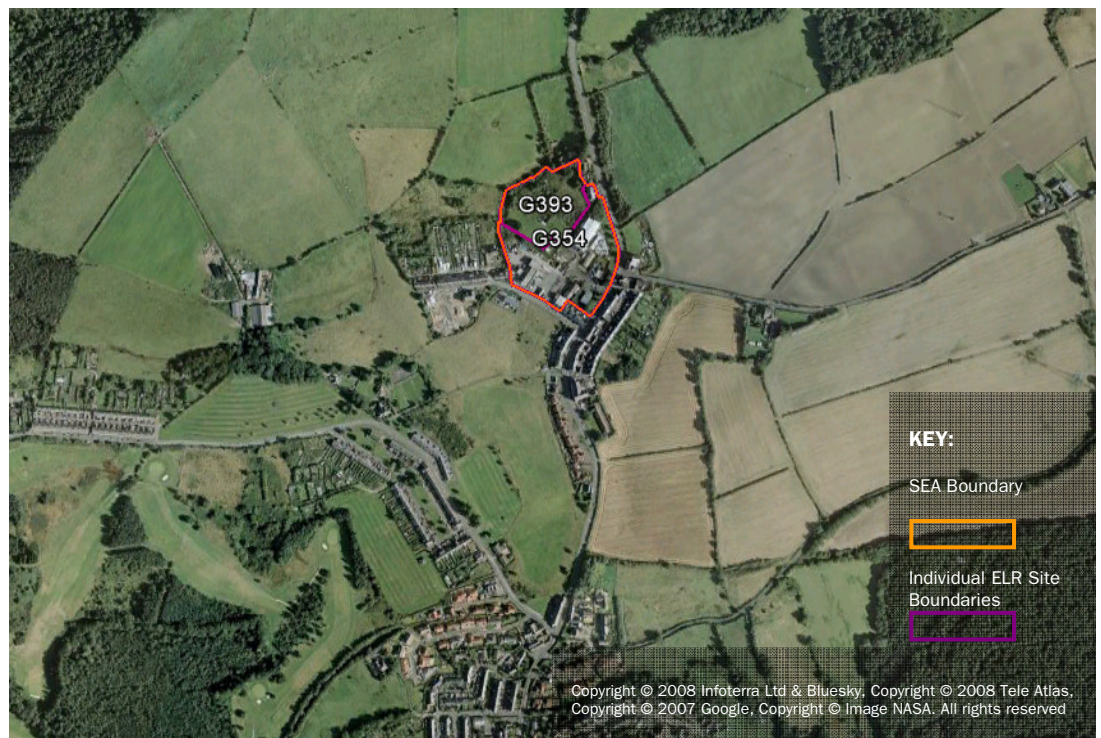
## Overview of Secondary Employment Areas

### High Spen SEA

#### Overview

- 9.130 High Spen SEA is located in south-west Gateshead between the settlements of Greenside and Rowlands Gill. The industrial estate is situated at the north end of High Spen to the rear of Ramsay Street as illustrated in Figure 9.11.

Figure 9.11 Boundary of High Spen SEA and ELR Appraisal Sites Within/Adjoining



#### Existing Employment Base

- 9.131 The mix of uses in this small SEA ranges from traditional factory to smaller workshop units, some of which are managed by Gateshead Council Property Services.
- 9.132 In total, two existing and committed employment sites were appraised in this SEA:

Table 9.12 Existing and Committed Employment Sites Appraised in High Spen SEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G354</b>	Existing	3.38	High Spen Industrial Estate SEA 3.1	20	EXISTING SITE SUITABLE FOR RELEASE TO ALTERNATIVE, NON-B CLASS USES
<b>G393 High Spen Industrial Estate</b>	<b>Allocation</b>	1.30	<b>Allocation</b> within High Spen Industrial Estate SEA 3.1	19	DEALLOCATE SITE

- 9.133 Two sites have been assessed; G354, the existing industrial estate, and G393, its extension, which is allocated for employment uses in the UDP. The sites are rated as being of poor quality against the principal criteria.
- 9.134 There are no vacant units within site G354, and it appears to offer a range of sizes and specifications. The site was recently granted planning permission (subject to a s.106 agreement) for 29 residential units. Furthermore, it is considered that industrial use in this location conflicts with residential amenity; there is very weak market interest in the site, which is constrained, hence it is recommended that the SEA protection be removed from this site.
- 9.135 As regards the suitability of site G393 to retain its allocation status, the site itself is sloping, whilst the existing road access is considered to be too constrained to adequately serve further development. The estate infrastructure is of a generally poor quality. The relatively high costs of site preparation and infrastructure provision would make this a low priority for public sector funding and private sector development, whether speculative or bespoke, is unlikely to occur on unserviced plots.
- 9.136 The access into the SEA from the B6315 is not particularly well defined and the estate presents as backland. G393 is also surrounded on this side by residential development which could restrict some industrial or distribution activities if complaints are received. Consideration should be given to its deallocation and the revocation of the SEA generally in this area.
- 9.137 Waste management facilities would generally be inappropriate here, due to the proximity of residential areas.

**SEA Summary**

- 9.138 This SEA fulfils predominantly local employment needs. The scale of the allocated land at G393 is substantial compared to the existing size of the estate and likely requirements. It is a sloping former colliery site, which requires infrastructure. The costs of bringing it forward will be high relative to its size. As such, it appears difficult to foresee an employment



development of the whole site and therefore a more flexible planning approach may be justified.

- 9.139 **Consideration should be given to the removal of High Spen's SEA status and the deallocation of site G393. The existing employment use at G354 should also be released for alternative uses (including residential). The area could be considered for a broader mix of commercial uses, should the opportunity arise, given the lack of market interest generally in this area and recent permissions for non-employment uses.**

## Stargate Industrial Estate SEA

### Overview

- 9.140 As illustrated in Figure 9.12, the area is located in the rural western segment of the Borough on the edge of the settlement of Ryton and Crookhill and to the west of Blaydon and Winlaton.

Figure 9.12 Boundary of Stargate SEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.141 Stargate Industrial Estate provides local employment opportunities for Ryton and adjoins the A695 which links Blaydon to Prudhoe and provides the principal route along the southern side of the Tyne Valley. The buildings range widely in age, size and quality and accommodate a mix of occupiers in a mix of former colliery and bespoke premises. Occupancy levels are reasonable, with occupiers mainly being grouped in the B2 and B8 use classes with some open storage activity becoming evident.

9.142 No sites have been identified at Stargate for detailed assessment. As regards the SEA generally, potentially significant constraints might be regarded as the close proximity to residential property, proximity to operational landfill sites to a lesser extent and the limited access into the industrial estate from the neighbouring public highway.

9.143 Waste management facilities would generally be inappropriate, due to the proximity of residential areas.

### SEA Summary

9.144 **In summary, Stargate is a local industrial estate serving Ryton. It is conveniently located adjacent to the bypass and demand is reasonable. The SEA is currently at full occupancy, but could not easily be extended. It should be retained for employment use and protected accordingly. Any future opportunities to redevelop parts of the estate should consider improvements to circulation. Use classes B1bc, B2 & B8 should be permitted.**

## Whinfield SEA

### Overview

Figure 9.13 Boundary of Whinfield SEA and ELR Appraisal Sites Within/Adjoining



9.145 As illustrated in Figure 9.13, the SEA is located in the south west extremity of the Borough at Rowlands Gill close to its boundary with County Durham on the approaches to Lintzford.

## Existing Employment Base

9.146 The SEA contains a high concentration of smaller workshops, compounds and depots reflecting its beginnings as a former colliery. There is a group of smaller units managed by Gateshead Council Property Services. There are two large users on the estate, Thomas Armstrong and Metano with significant open storage of materials on both sites.

9.147 In total, three existing and allocated employment sites were appraised in this SEA:

Table 9.13 Existing and Committed Employment Sites Appraised in Whinfield SEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G20 Site 18, Whinfield Way</b>	<b>Allocated</b>	0.49 net developable area	Employment allocation within SEA 3.3	24	RETAIN AS AN EMPLOYMENT ALLOCATION
<b>G353a Eastern part of Estate</b>	Existing	5.71	SEA 3.3	22	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G353b Western Part of Estate</b>	Existing	1.04	SEA 3.3	22	REMOVE SEA PROTECTION FROM EXISTING EMPLOYMENT SITE, TO BE RELEASED

9.148 Three sites have therefore been assessed; G20 is allocated employment land (0.49ha) and adjoins the larger industrial estate of G353a/b. The sites are generally rated as being of average quality against the principal criteria, and poor in terms of strategic access. Three sites totalling 0.34 hectares have been taken up since April 2000.

9.149 Within the smaller western part of the SEA (G353b) there are a couple of vacant units. There is an opportunity to consolidate the estate by relocating other small workshops to the vacant plot (G20) in the eastern part of the estate, allowing part or all of the western area to be allocated for alternative uses. G353a is dominated by one business; if this business was to close or relocate the scale and status of Whinfield Industrial Estate would need to be reviewed. Although the site is on the edge of the settlement, access to it is through residential areas and past a primary school, where HGV traffic is inappropriate. Hence whilst the provision of local employment opportunities should be maintained, the scale of premises and type of businesses could be reviewed in future.



- 9.150 Despite the relatively low scoring for G20 and G353a, their retention is recommended as they provide local employment opportunities in one of the Borough's larger outlying rural settlements. The site will be particularly important for rural employment if High Spen SEA is de-allocated (see above). However, it is considered that the SEA boundary should be redrawn to exclude G353b, which has very modest market demand and has some potential to come forward for alternative non-B class uses.
- 9.151 Waste management facilities would generally be inappropriate on these two sites, due to access routes being required through residential areas.

### SEA Summary

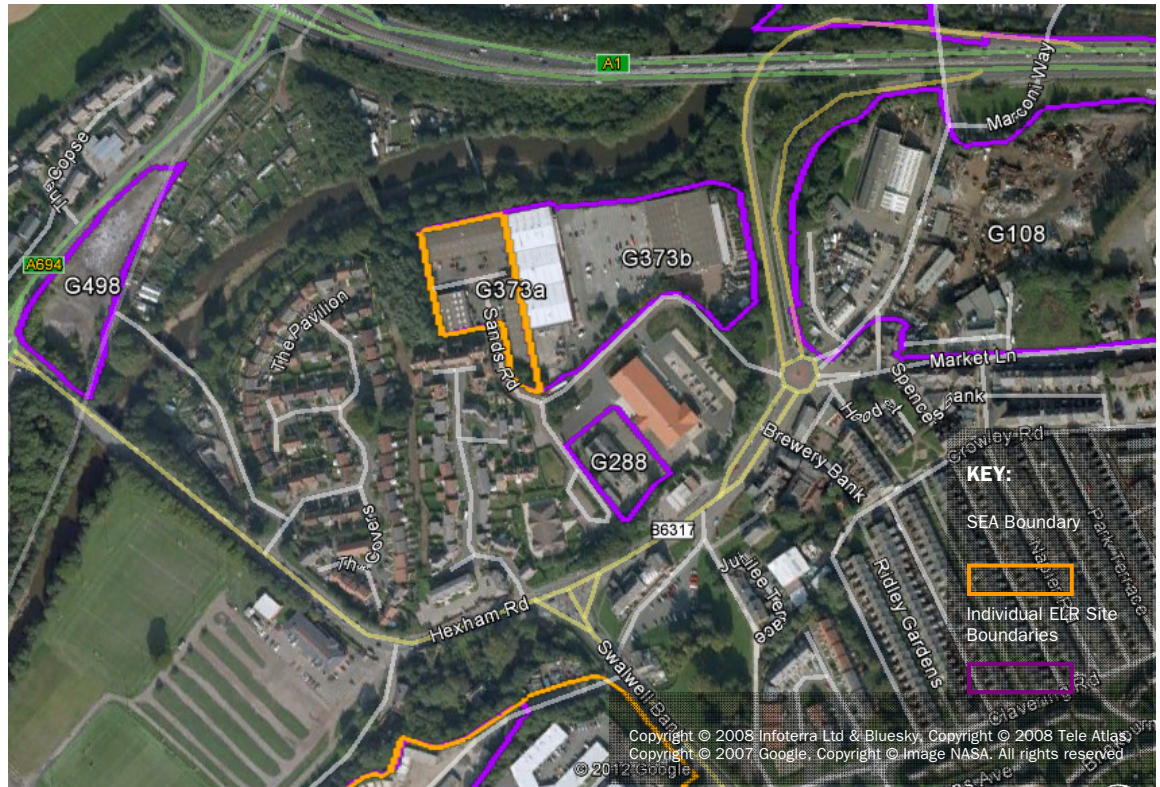
- 9.152 Formerly known as the Highfield Industrial Estate this SEA is generally operating at reasonably high occupancy. On the western part of the estate are small workshops for local businesses in contrast to the companies on the larger (eastern) part of the estate. There are also separate access points to the two parts of the estate. It is considered that the estate could be consolidated by relocating businesses from the western part of the SEA to vacant land in the eastern part. **It is recommended that the SEA be retained, but that the boundary be redrawn to exclude site G353b. Some contraction would be required in the longer term if the major occupier on the latter site were to vacate their premises. Use classes B1bc, B2, B8 and other compatible uses should be permitted.**

### Sands SEA

#### Overview

- 9.153 As illustrated in Figure 9.14, Sands SEA is located between Blaydon and Whickham in the west of the Borough close to the Derwenthaugh junction where the A694 meets the A1(T).

Figure 9.14 Boundary of Sands SEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.154 The SEA is in the north-west corner of what was once a larger industrial area. New housing has encroached from the west and the former industrial units on the eastern frontage of the estate are now in retail use. Sands Industrial Estate provides small modern premises in various unit sizes that are suitable for a wide range of businesses. It is in a convenient location close to local services and the A1 Western Bypass that complements provision at Whickham Industrial Estate and has remained reasonably well let with no vacancies apparent. There are no available allocated employment land sites in the SEA.
- 9.155 In total, two existing employment sites were appraised in this SEA:

Table 9.14 Existing and Committed Employment Sites Appraised in Sands SEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G288</b> <b>Regent Garage (Swalwell) Ltd, Crowley Works</b>	Existing	0.31	Whickham District Centre - Retail allocation	25	EXISTING SITE SUITABLE FOR RELEASE TO ALTERNATIVE, NON-B CLASS USES
<b>G373a</b> <b>Sands Industrial Estate</b>	Existing	0.56	Western part allocated as JE3.4 Sands Industrial Estate SEA	24	REMOVE SEA PROTECTION FROM EXISTING EMPLOYMENT SITE, TO BE RETAINED

9.156 In summary, two sites have been assessed; one within the SEA; G373a, which incorporates the SEA; and G288, to the south of the estate on Sands Road. Both sites are generally rated as being of moderate quality in the context of Gateshead Borough’s employment land portfolio.

9.157 However, whilst situated close to the strategic and local highway networks, the two junctions at Sands and Axwell to the west are frequently congested. The SEA is also located at the end of Sands Road which can be busy with traffic to the B&Q, Lidl and other retail warehouses nearby. Various bus services are routed along Hexham Road, whilst the site is close to residential areas and pedestrian and cycle access is reasonable, hence the scoring of both sites reflects these accessibility benefits.

9.158 It is recommended that G373a is retained for employment use, although given the small size of the site the SEA protection could be revoked. In addition, the units are only moderately occupied and there are other public and privately owned business units available within the locality. It is further recommended that site G288, which was put forward in the SHLAA for residential and found to be suitable and deliverable for housing, should be released for alternative uses should the opportunity arise.

9.159 Waste management facilities are inappropriate due to the proximity of residential areas and the adjacent watercourse.

**SEA Summary**

9.160 This is a small SEA located adjacent to the B&Q store and other retail wholesale uses at Swalwell. The SEA comprises twelve workshops arranged in three short terraces. Occupancy levels are relatively high, due in part to the small size of the estate. Residential redevelopment of former employment sites has occurred immediately to the west of the site. Although in the short term the estate can continue to provide accommodation for small local businesses, in the longer term, given the small size of the estate, the removal of policy protection would not be



detrimental to Gateshead's overall employment land portfolio. **SEA protection could be removed. Use classes B1bc, B2 & B8 could continue to be permitted on G373a.**

## Whickham SEA

### Overview

- 9.161 This SEA is located in the western part of the Borough to the south west of Metrocentre and south of Swalwell as illustrated in Figure 9.15.

Figure 9.15 Boundary of Whickham SEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.162 Whickham Industrial Estate provides a range of units in terms of age and size that are suited to a variety of local businesses. At the front of the estate is a terrace of small modern premises available on flexible terms. It is in a convenient location close to local services and with easy access to the A1 Western Bypass. Vacancy rates are low, at around 7%, with occupiers generally located in warehousing or smaller workshop units.
- 9.163 In total, two existing employment sites were appraised within and adjoining this SEA:

Table 9.15 Existing and Committed Employment Sites Appraised in Whickham SEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G201</b> <b>Former LES Depot, Swalwell Bank</b>	Existing	1.03	Within SEA 3.5. Partially within Green Belt and LWS	26	EXISTING SITE SUITABLE FOR RELEASE TO ALTERNATIVE, NON-B CLASS USES
<b>G145</b> <b>South West Farm, Woodhouse Lane, Swalwell</b>	Existing (adjoins SEA)	0.27	Unallocated site currently used for open storage of vehicles. Out of centre site within a Wildlife Corridor; partially within the Green Belt	23	EXISTING SITE SUITABLE FOR RELEASE TO ALTERNATIVE, NON-B CLASS USES

9.164 In summary, of the two sites assessed within/adjoining the SEA, G201 comprises the Council depot. This site is generally rated as being average or good against the principal criteria; however, it is considered that it provides a redevelopment opportunity for alternative, non employment, uses and particularly residential – it is considered it could be removed from the SEA as a consequence. Site G145 comprises outdoor storage at South West Farm beyond the SEA’s south-western boundary and again could be released as an employment site if the opportunity arose. These sites both scored highly in terms of accessibility, due to the presence of various bus services along Swalwell Bank and Hexham Road. The sites are close to residential areas and pedestrian and cycle access is reasonable. There can, however, be severe congestion at peak times particularly at the junction with Hexham Road and the Sands roundabout to the west.

9.165 Larger buildings to the south of G201 may require redevelopment in the medium term. Although speculative redevelopment is unlikely to be viable, the retention of a mix of unit sizes on this popular local industrial estate should be a consideration for public sector funding bodies.

9.166 Waste management facilities would generally be inappropriate, due to its proximity to the district centre and residential areas.

**SEA Summary**

9.167 Whickham SEA is divided in two by a steep bank; the two parts have separate accesses from Whickham Bank. The lower part comprises a former Council depot that is now vacant. This could be reoccupied for external storage purposes, but there would be relatively high abnormal costs incurred in the development of employment premises. To the south, the higher area known as Whickham Industrial Estate is well defined and well occupied and should be protected for future employment use. Given the proximity of larger PEAs such as Dunston and Blaydon, redrawing the boundary of the Whickam

SEA to exclude the former Council depot would not have an adverse impact on the local economy.

- 9.168 **Whickham should therefore be retained as a Secondary Employment Area, where use classes B1bc, B2 & B8 and compatible uses are permitted. The boundary of the SEA could be redrawn to exclude G201, whilst site G145, a Green Belt site outwith the SEA boundary, could be released for alternative uses should the opportunity arise.**

## Fairfield SEA

### Overview

- 9.169 This SEA is located on the south bank of the River Tyne at Bill Quay towards the eastern boundary of the administrative area of Gateshead. As illustrated in Figure 9.16, it is broadly linear and occupies a riverside location on the opposite bank of the Tyne to the offshore industry cluster at Walker Riverside.

Figure 9.16 Boundary of Fairfield SEA and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.170 The SEA contains storage, office and industrial units contained within a range of buildings and consisting of open storage uses, particularly at the eastern end, where an area of land and buildings are in active use for the recycling of vehicles. Other waste processing and recycling operations appear to be carried out throughout the area. B2 uses are evident throughout with a small area of offices, although these are likely to be ancillary to the other uses present.



9.171 In total, two existing/committed employment sites were appraised in and adjoining this SEA:

Table 9.16 Existing and Committed Employment Sites Appraised in Fairfield SEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G21</b> <b>Bill Quay Industrial Estate, Bill Quay &amp; MU22 - Bill Quay riverside &amp; FORMER HARRISONS SLIPWAY, REAY STREET</b>	Allocated	3.96 (of which 0.79ha is estimated for B1 use net)	Allocated as Mixed Use site MU22 Bill Quay Riverside, with suitable uses including A1, A3, B1, B2 and C3	21	DEALLOCATE SITE
<b>G130</b> <b>Fairfield Industrial Estate</b>	Existing	7.59	Within Fairfield Industrial Park SEA JE3.6	21	REMOVE SEA PROTECTION FROM EXISTING EMPLOYMENT SITE

9.172 Of the appraisal sites, G130 encompasses the whole of the SEA. It is generally rated as poor against the principal criteria, with numerous physical constraints to the redevelopment of the SEA to provide new business accommodation. These include changes in levels across the site and at the southern boundary where a high retaining wall has been necessary to create a level area for development. Any redevelopment is likely to require remediation of the land and clearance of existing buildings and structures. Land quality and stability may also be a constraint to new development in some areas of the site which are likely to be contaminated as a result of current and previous uses. The internal road network is of poor quality.

9.173 Buildings on the site are of variable quality, ranging from prefabricated structures to more robust warehouse and factory accommodation. A number of older buildings and structures have fallen into disrepair and in some cases these are derelict and a potential hazard as well as detracting from the quality of the environment and overall appearance of the SEA. The quality of the access, particularly from surrounding roads is difficult although internal roads, whilst not adopted, are of a reasonable standard. All services and utilities appear to be in place although it is not known whether these extend throughout the entire site.

9.174 The limited demand and restriction to predominantly local employment uses in this area means that there is little prospect of the redevelopment of G130 for modern employment uses. The area requires significant investment in new infrastructure to improve accessibility, particularly for larger vehicles, stabilise the land and address the problems of derelict buildings and structures towards the east of the SEA. Development of employment premises is unlikely to be viable and the high abnormal costs and low strategic priority means that public sector funding will not be forthcoming. It is therefore recommended that SEA protection be removed from the site.



9.175 Adjoining the SEA is a 1.15 hectare site at Harrison's Quay, site G21. This riverside site is brownfield; its remediation is likely to be complex and costly due to historic structures and awkward structures.

9.176 Waste management facilities are inappropriate due to the requirement for access through residential areas and an adjacent watercourse.

### SEA Summary

9.177 Fairfield is reasonably well occupied, but the estate as a whole is of poor quality and many of the buildings are reaching the end of their useful economic life. Access to the site is through residential areas and because of its location demand is weak. Remediation and access issues will severely limit the viability of the site's redevelopment for employment uses. Alternative uses that can release sufficient value to allow the remediation and clearance of both site G130 and the adjoining Harrison's Slipway area to the east, site G21, should be considered. It is therefore considered that **Fairfield SEA and site G21 should be de-allocated.**

9.178 **Planning applications for redevelopment and regeneration could, therefore, come forward and be considered on their land use merits and without their being subject to policies seeking to protect the area from non-B-class uses.**

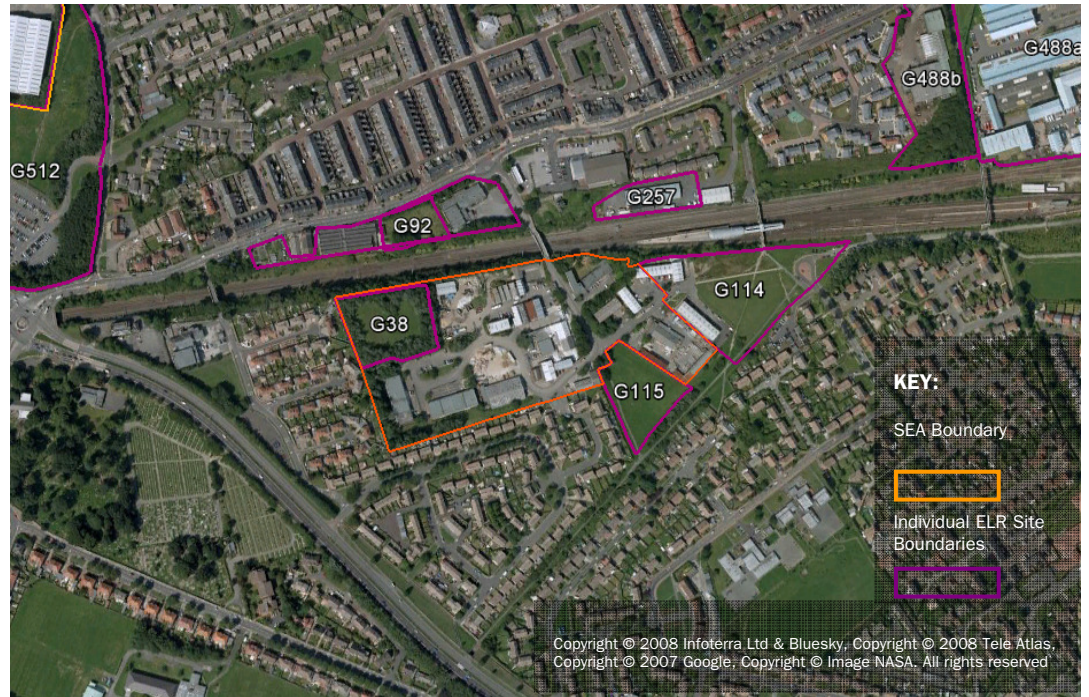
9.179 **Despite the presence of established waste management uses the co-location of additional facilities should be discouraged given the access to the site through residential areas.**

### Pelaw Industrial Estate SEA

#### Overview

9.180 The Pelaw Industrial Estate SEA is located immediately to the south of Pelaw Metro Station and north of the residential area of Wardley as illustrated in Figure 9.17.

Figure 9.17 Boundary of Pelaw SEA and ELR Appraisal Sites Within/Adjoining



**Existing Employment Base**

9.181 The uses within this SEA are generally B2 industrial, with the majority of occupiers involved in the business of vehicle salvage and repair as well as recycling. The industrial estate currently provides accommodation for local employment needs and small-scale operations. This SEA is not situated in a high-profile or highly-visible location, hence there is only a limited market for the type of accommodation provided within the estate.

9.182 In total, seven existing and committed employment sites were appraised within and adjoining this SEA:

Table 9.17 Existing and Committed Employment Sites Appraised in Pelaw SEA

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G114 MU17 - South of Pelaw Metro Station</b>	Allocated	1.49 (0.45h a net developable area for B1)	Allocated for Mixed Use MU17 South of Pelaw Metro Station; suitable uses are B1 and C3. Edge of centre site; partially within non-designated open space	26	DEALLOCATE SITE

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G115</b> <b>MU16 - South of Pelaw Way, Pelaw</b>	Allocated	0.59 (0.28ha net developable area for B1)	Allocated for Mixed Use MU16 South of Pelaw Way; suitable uses are B1 and C3. Out of centre site; wholly within non-designated open space	26	DEALLOCATE SITE
<b>G221</b> <b>Former Pelaw Shirt Factory, Shields Road</b>	Existing	1.00	Unallocated	26	EXISTING SITE SUITABLE FOR RELEASE TO ALTERNATIVE, NON-B CLASS USES
<b>G257</b> <b>Screen Services Ltd, Cartmel Business Centre</b>	Existing	0.36	Unallocated site comprising modern industrial units	25	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G488a</b> <b>Stonehills Industrial Estate</b>	Existing	4.82	Unallocated existing industrial uses	24	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G488b</b> <b>Jordans Engineering</b>	Existing	1.40	Unallocated existing industrial uses	24	EXISTING SITE SUITABLE FOR RELEASE TO ALTERNATIVE, NON-B CLASS USES
<b>G38</b> <b>Land West Of Heworth Way</b>	Existing (vacant site)	0.69	Within Pelaw Industrial Estate SEA JE3.7	21	REMOVE SEA PROTECTION FROM EXISTING EMPLOYMENT SITE - ALTERNATIVE USES RECOMMENDED

9.183 Of these seven sites, only one, a vacant former employment site of 0.69ha (G38), is located within the SEA boundaries. This site scored poorly on local access and development constraints, particularly contamination. The levels on the site suggest that it is made ground and the cost of bringing this site into active employment use will be prohibitive. It is recommended that SEA protection is removed from the site.

9.184 Immediately to the east of the SEA are two sites (G114 and G115) totalling 2.08ha, which are allocated for mixed-use development with an element of B1 use. These sites are level and whilst G114 can be accessed from the adjoining residential area, G115 can only be accessed currently via the SEA. Speculative B-class development in either location is unlikely to be viable; hence it is considered that both sites could be deallocated.

- 9.185 The limited capacity of the access is the most significant constraint on the expansion and/or redevelopment of the sites within and adjoining this SEA. The form of development in and around the area also limits the capacity to improve this situation through the creation of an alternative vehicular access. The presence of well-established residential areas which immediately adjoin the SEA restrict both the range of uses that could be accommodated and the potential to provide an alternative access to G115 in particular.
- 9.186 Site G221 comprises derelict buildings comprising the former Pelaw Shirt Factory. The site is advertised as being To Let, although it is considered that the site may be more suitable for redevelopment given proximity to Pelaw/Heworth residential areas and the physical separation from the Industrial Estate by the Metro line. Site G257, again outwith the SEA, is located immediately adjacent to Pelaw Metro Station and this proximity, beside other industrial areas, provides some value for employment use. As the site is already in active employment use, it is recommended for retention, although the site is not formally protected and may come forward for alternative uses.
- 9.187 Stonehills Industrial Estate, site G488a, located to the north east of the SEA, provides local employment opportunities with a variety of starter units and has a high rate of occupancy, hence no change is recommended to the status of this estate. Site G488b immediately to the west, is the Jordons site, which has better potential for alternative non-employment use, specifically residential, and should be released. Furthermore, the site is in an area of relatively low, indigenous demand, whilst there are also viability issues resulting from the engineering legacy of the site and the extent of remediation that would be necessary to enable redevelopment. Ongoing industrial use at this site would also be incompatible with the surrounding residential uses to the west.
- 9.188 There is a cluster of small waste management business in the SEA area, but expansion of such facilities would be inappropriate due to the proximity of residential areas.

### SEA Summary

- 9.189 Pelaw SEA comprises a small local industrial estate that adjoins residential areas. Vehicular access to the estate is via a bridge over the rail line that only allows traffic from one direction at a time.
- 9.190 **Due to ground conditions the only remaining available site within the SEA, G38 (which adjoins housing) is unlikely to be developed. It is considered that the SEA should be de-allocated as it generates limited income for its owners; has poor road access and disturbs adjoining residential amenity. Sites G114 & G115 outwith the current SEA boundary, and existing employment site G488b should also be released for alternative non B-class uses, potentially residential.**

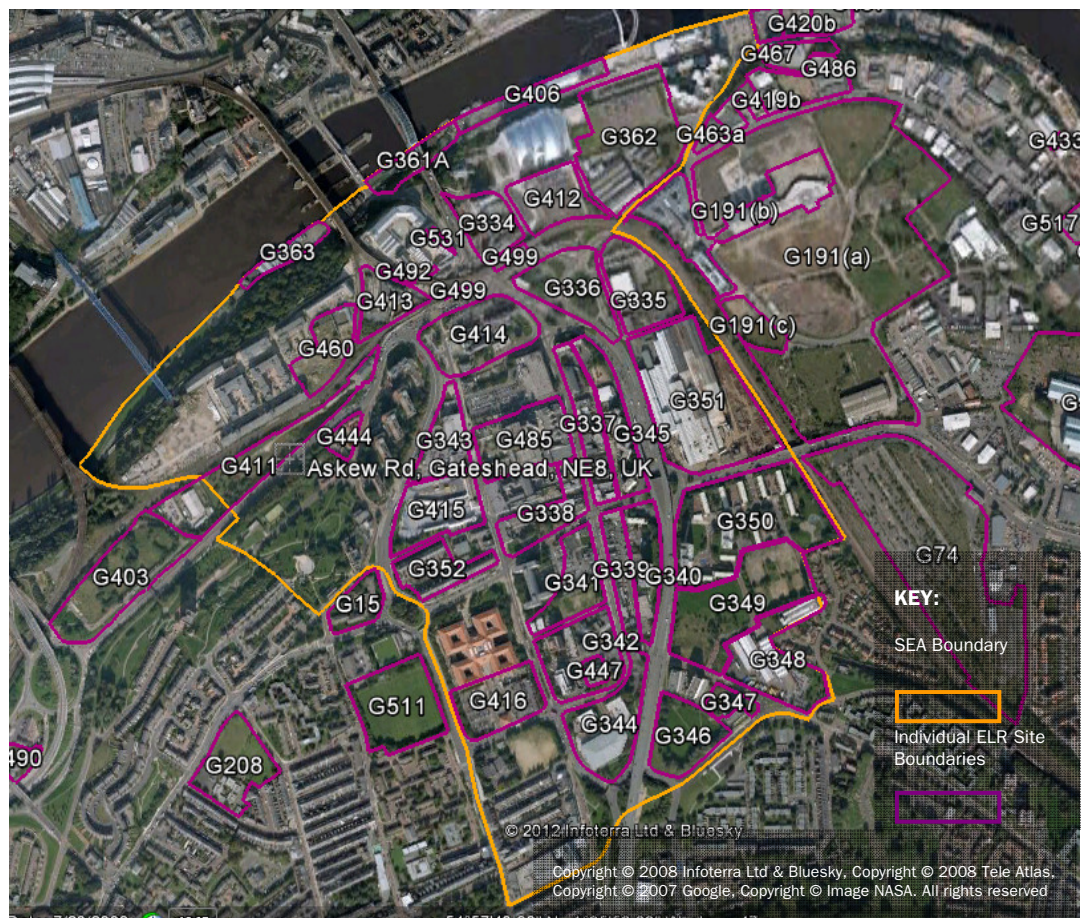


## Gateshead Town Centre

### Overview

- 9.191 Gateshead Town Centre is located on the northern edge of the Borough and faces Newcastle City Centre on the opposite bank of the River Tyne. As illustrated in Figure 9.18, the UDP uses various dual carriageways to define its boundaries. To the east is the A167 Gateshead Highway, an important through route leading to the Tyne Bridge. To the North is the A184 Askew Road, and to the west and south is the B1426 which comprises parts of Prince Consort Road, Arthur Street and High West Street. The Town Centre is separated from the East Gateshead PEA by a railway embankment.

Figure 9.18 Boundary of Gateshead Town Centre and ELR Appraisal Sites Within/Adjoining



### Existing Employment Base

- 9.192 Currently, the Civic Centre, Regent Terrace & Walker Terrace provide an office quarter in the south west. Retail uses are concentrated in the northern and eastern parts of the town centre. Along the eastern edge, adjoining the Gateshead Highway, are blocks of flats. The southern part accommodates a mix of commercial and residential uses. At the northern end are the Old Town Hall and other office and commercial premises.

- 9.193 The town centre is an established office location, but is inappropriate for use classes B2 & B8 and there is very little existing provision. The office quarter around Regent and Walker Terraces has low vacancy rates and attracts steady demand. This contrasts with weak demand for the 1970s office blocks of Tyne Bridge Tower and Tynegate Precinct situated just beyond the eastern edge of the centre.
  
- 9.194 There has been little new office provision in the Town Centre in recent decades. The exceptions have been direct development by the public sector either for their own occupation (e.g. Civic Centre) or to meet economic development priorities (e.g. International Business Centre) where public sector funding can be justified on the grounds of property market failure. Private sector office development has been limited to bespoke office space (e.g. the CAB offices at Swan Street), conversions (e.g. Point 5) and most recently provision of office floorspace within a mixed-use scheme where the offices have been cross-subsidised by more valuable retail and residential uses (Trinity Square).
  
- 9.195 GMBC data identifies four sites totalling 0.73 hectares taken-up for offices since April 2000. The refurbishment of parts of the Tynegate Precinct which was viable at the top of the market is now suffering from weak demand and declining rents, further phases have been put on hold.
  
- 9.196 In total, 20 existing and committed employment sites were appraised within and adjoining Gateshead Town Centre (defined on the basis of the UDP Town Centre boundary):

Table 9.18 Existing and Committed Employment Sites Appraised in Gateshead Town Centre

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G444</b> <b>Greenesfield Business Centre, Mulgrave Terrace</b>	Existing	0.32	Unallocated	28	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G346</b> <b>Site 4 New Chandless</b>	<b>Allocated</b>	1.36 (0.68ha net office component)	Allocated Mixed Use Site MU13, Tynegate Precinct, suitable for A3, B1, C1, C2, C3, D1 and D2	27	DE-ALLOCATE SITE
<b>G411</b> <b>MU6 - Askew Road (East) , Bensham</b>	<b>Allocation</b>	2.33 (0.7ha net office component)	Allocated Mixed Use site MU5 Askew Road East - B1, C1, C3, D2 and A3 considered suitable	27	RETAIN AS A MIXED-USE ALLOCATION

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G334</b> <b>1.2 Tyne Bridge</b>	<b>Allocated</b>	1.06 (0.12ha net office component)	Mixed Use site allocation MU7, suitable for A1, A3, A4, B1, C3, C1, D1 and D2. Number of development constraints including presence of listed buildings and Conservation Area	26	RETAIN AS A MIXED USE ALLOCATION WITH MINOR B1A ELEMENT – 3,600SQM OFFICE BLOCK PROPOSED AS PART OF THE TOWN CENTRE REGENERATION STRATEGY
<b>G349</b> <b>Site 2 New Chandless</b>	<b>Part Allocated to south</b>	3.12 (1.56 a net office component)	Southern area Allocated Mixed Use Site MU12, Go Gateshead Bus Depot, suitable for B1. Northern area allocated Urban Green Space, educational playing fields, Outdoor sports facilities	26	DEALLOCATE
<b>G403</b> <b>MU5 - Askew Road (West)</b>	<b>Allocation</b>	2.65 (1.06ha net office component)	Allocated Mixed Use site MU5 Askew Road West - B1, C1, C3, D2 and A3 considered suitable. Centrally located	26	RETAIN AS A MIXED-USE ALLOCATION
<b>G490</b> <b>Askew Road / Cuthbert Street</b>	Existing/Potential	0.42	Unallocated	26	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G499</b> <b>Railway Arches</b>	Existing	0.22	Unallocated sites centrally located with potential for A1, A3, B1 and B2	26	RETAIN AS AN EXISTING EMPLOYMENT SITE FOR B1 - POTENTIAL FOR WIDENING ROLE TO ACCOMMODATE OTHER COMMERCIAL USES
<b>G347</b> <b>Site 3B New Chandless</b>	Allocated	0.34 (0.07ha net office component)	Allocated Mixed Use Site MU13, Tynegate Precinct, suitable for A3, B1, C1, C2, C3, D1 and D2	25	DE-ALLOCATE SITE
<b>G351</b> <b>Davy Roll site</b>	Existing	4.58	Unallocated site currently in B2 use	25	EXISTING SITE TO BE RETAINED



Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G361A</b> <b>MU 8 Hillgate Quay</b>	<b>Allocated</b>	0.76 (0.27ha net developable office area)	Mixed Use Allocation MU8 Hillgate, suitable for A1, A3, A4, B1, C1, C3, D1 and D2. Constraints to development of site include conservation area protection	25	RETAIN AS A MIXED USE ALLOCATION WITH AN ELEMENT OF B1
<b>G362</b> <b>MU 9 Hawks Rd / South Shore Rd</b>	<b>Allocated</b>	3.70 (1.48ha net developable office area)	Allocated Mixed Use Site MU9 Hawks Road/South Shore Road, suitable for A1, A2, A3, A4, B1, C1, C3, D1 and D2	25	RETAIN AS A MIXED USE ALLOCATION WITH AN ELEMENT OF B1
<b>G406</b> <b>MU8 - Hillgate, Gateshead Quays</b>	<b>Allocated</b>	0.83 (0.38ha net developable office area)	Mixed Use Allocation MU8 Hillgate, suitable for A1, A3, A4, B1, C1, C3, D1 and D2	25	DE-ALLOCATE SITE
<b>G363</b> <b>MU 19 Pipewellgate</b>	<b>Allocated</b>	0.52 (0.13ha net developable office area)	Allocated Mixed Use Site MU19 Pipewellgate, suitable for A3, A4, B1a, B1b, C1, C3, D2. Within a Conservation Area and a flood zone	24	RETAIN AS A MIXED USE ALLOCATION WITH AN ELEMENT OF B1
<b>G460</b> <b>The Point</b>	Existing/Potential site	1.06 (0.84ha remains to be developed)	Allocated for residential use H3.33. Planning consent for offices, hotel and retail	24	RETAIN AS AN EXISTING EMPLOYMENT SITE, WITH VACANT LAND TO BE DEVELOPED FOR B1 OFFICE USE
<b>G341</b> <b>3.1 Gateshead Green</b>	<b>Allocated</b>	1.21 (0.30ha net developable office area)	Allocated Mixed Use site MU11 Ann Street, suitable for B1	23	DE-ALLOCATE SITE
<b>G344</b> <b>4.2 Southern Gateway</b>	Existing/Potential	1.78	Within Gateshead PSA.	23	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G348</b> <b>Site 3A New Chandless</b>	<b>Allocated</b>	1.97 (0.3ha net developable office area)	Allocated Mixed Use Site MU12, Go Gateshead Bus Depot	23	DEALLOCATE SITE

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G352</b> <b>2.5 Walker Tce / Regent Tce</b>	Existing	0.98	Conservation Area - only limited B1 likely to be suitable in planning terms	22	RETAIN EXISTING EMPLOYMENT SITE FOR OFFICE USES
<b>G413</b> <b>1.4 Half Moon Lane</b>	Allocated (southern part)	0.94 (0.24ha net developable office area)	Part allocated for residential; part allocated for Mixed Use MU18, suitable for B1	22	DEALLOCATE SITE

9.197 20 sites have therefore been assessed against the key indicators. These largely exclude the potential development sites identified in the regeneration strategy, which have been the subject of a detailed review in Section 10.0 of this report.

9.198 Whilst the existing and allocated employment sites in the Town Centre rated highly for proximity to labour and services and compliance with policy, they are generally rated as average or poor on a number of market-based factors. This reflects the difficulty and expense involved in bringing many of the sites forward for development this will also apply to many of the potential sites identified in GMBC’s Regeneration Strategy for the Town Centre. If this is followed through with action on bringing forward Phase 1 sites, market perceptions could change and the rating of sites improve. To ensure a consistent approach to the rating of all employment sites there is an underlying assumption that in assessing the compatibility of employment development with adjoining uses the full range of B1, B2 and B8 uses is considered. As a result these town centre sites have tended to score poorly, whereas office development would be more compatible.

9.199 Gateshead Quays (which includes sites G334, G412, G362, G361A, G361b) remains a key priority for transformational regeneration in the urban core, including the conference and exhibition centre. There is the potential for the area to benefit from the Regional Growth Funding and Accelerated Development Zone, which could assist in the de-risking of sites and funding infrastructure such as Quays Wall improvements. HCA and GMBC now own a large proportion of G334.

9.200 The Town Centre is intensively developed and new development on the mixed use allocations identified in the Table will be constrained by land assembly issues. Compulsory purchase powers may be required, increasing the time and costs of bringing forward a development. Redevelopment of brownfield sites will also incur relatively high abnormal costs of demolition, site clearance, remediation etc. Towards the northern end the land slopes down towards the Tyne and larger development sites may require re-grading. Within the town centre there are areas of archaeological importance. Walker

Terrace/Regents Terrace and the area around the Old Town Hall are designated as Conservation Areas.

- 9.201 Within and adjoining the Town Centre there are currently 13 allocated sites available for the development of office uses. None of the town centre sites should be regarded as exclusively available for office development and larger sites are likely to incorporate a mix of uses as per their allocation. Beyond the Town Centre boundary is a choice of sites with mixed-use allocations, which could incorporate offices or other employment uses.
- 9.202 The level of rents in the town centre is generally too low to support speculative private sector development, particularly having regard to the high costs of site assembly and preparation. Regeneration proposals should provide opportunities for additional office provision, but their development will need subsidy as demand for bespoke offices will be weak. Mixed-use schemes may allow cross-subsidy; otherwise public sector funding will be required.
- 9.203 In general, however, and in accordance with the Regeneration Strategy, it is recommended that office development is focused in the northern/central part of the Town Centre; hence existing allocations at G341, G346, G347, G348, G349, G406 and G413 should be developed for a mix of uses without a requirement for B1a and de-allocated from the portfolio, thus removing a total of 3.53ha. The remaining allocated sites should retain their mixed use allocation, with an element of B1 office provided in accordance with the Town Centre Regeneration Strategy.

### Town Centre Summary

- 9.204 Gateshead Town Centre has an established office market, serving small-scale local businesses such as solicitors and accountants, but there has been very little new provision for several decades. The exceptions have been direct development by the public sector either for their own occupation (e.g. Civic Centre) or for economic development purposes (e.g. International Business Centre) where public sector funding can be justified on the grounds of property market failure. There are sites available for redevelopment but these face competition from high profile development sites at Gateshead Quays and Baltic Business Quarter. Furthermore, their owners are likely to only sell for higher value uses, which will enable viable development. The RDS seeks to concentrate future office development within the central/northern area of the town centre.
- 9.205 Office development in the Town Centre is therefore unlikely except as part of a comprehensive redevelopment scheme where a range of uses allows cross subsidy, and which provides an overall improvement in the image of the town centre.
- 9.206 Established office areas such as Walker and Regent Terraces should be protected and, where possible, enhanced. High vacancy rates within 1960's office blocks on the periphery of the Town Centre will encourage some

owners to consider alternative uses. Refurbishment proposals conceived at the height of the market may now be regarded as unviable as rental income has been lower than projected. Having regard to the substantial oversupply of this type of space redevelopment or change of use proposals should be given serious consideration.

9.207 **In important respects these findings are supportive of and in accordance with the emerging Regeneration Delivery Strategy for the Town Centre, which recognises the need for a comprehensive approach; and identifies as part of Phase 1 opportunities for new office space in the established office quarter in the northern/central part of the town centre.** These potential sites are assessed in more detail in Section 10.0.

9.208 **Industrial uses are inappropriate in the Town Centre but development of buildings for use class B1a should be supported. Provision for SMEs and office-based Creative Industries should also be encouraged.**

### Other Employment Areas Outwith PEA/SEA/Town Centre Designations

9.209 In addition to the 17 PEAs/SEAs discussed in detail above, and the employment areas within and adjoining Gateshead Town Centre, there are several existing employment areas that stand outwith these general areas and are poorly related to them. Nevertheless, in certain instances, these make an important contribution to the Borough’s portfolio of employment land, particularly in the more remote rural areas of the Borough. In total, three existing and committed sites were appraised:

Table 9.19 Existing and Committed Employment Sites Appraised

Site Reference and Name	Site Status and Planning Designation	Potential Plot Size	Compliance with Planning/Regeneration Policy	Total Ranking	Site to be Retained/Allocated/Deallocated/Excluded
<b>G418</b> <b>The Post Office, Royal Mail Sorting Office, Lowreys Lane</b>	Existing	0.09	Existing post office site within a Conservation Area	25	RETAIN AS AN EXISTING EMPLOYMENT SITE
<b>G113</b> <b>MU14 - Gateshead College, Durham Rd, Shipcote</b>	Allocated	4.05 (2.02 net developable area)	Mixed Use MU14 Gateshead College Site. Suitable for A3, B1, C1, C2, C3 and D1. Out of centre site within a Conservation Area.	24	DEALLOCATE SITE
<b>G245</b> <b>Vacant Building, Former Wardley Colliery Offices, Wardley Lane</b>	Existing (vacant) site	1.52	Green Belt	21	UNSUITABLE EMPLOYMENT ALLOCATION

- 9.210 All three of the above sites scored average-to-poor in the site appraisal process for a variety of reasons, not least the distance to urban centres. In particular, site G245 (comprising derelict former colliery buildings) at Wardley Colliery scored amongst the lowest of any site in the Borough, on account of its out-of centre, Green Belt location and the remediation costs likely to be involved in bring the site forward, and it is recommended that it should be removed from the Borough's employment land portfolio.
- 9.211 As regards the remaining two sites, it is recommended that Site G113, the Gateshead College mixed use allocation, be removed from the employment land portfolio. The residential-led mixed use development of this site was granted on appeal, to provide 175 dwellings, including 16 live/work units, and associated access, open space and landscaping. Whilst there will be an element of live/work residential units which include workspace above some of the garages, the commercial element will be minimal. Site G418, an existing Post Office sorting office remains a viable use and should also be retained.

## 10.0 Demand / Supply Balance

### Introduction

- 10.1 Our detailed site surveys provide a more accurate estimate of current available employment land within the Borough, and have allowed for an updating and verification of the data in the Council's AMR (referred to in Section 4.0). This section compares actual levels of available land with anticipated requirements to understand the extent to which new allocations will be required.
- 10.2 A more detailed analysis of past take-up is used to inform the appropriate level of allocations for offices and industrial or warehousing.
- 10.3 The detailed site and PEA/SEA assessments have then been used to identify those sites to be retained for employment use; those to be deallocated; and those that should be considered as new allocations.

### Current Availability

- 10.4 To understand whether existing levels of allocations are sufficient, there is a need to identify the amount of employment land that is currently available for development.
- 10.5 From the "long list" of 230 sites that have been assessed, we have identified those sites, or parts of sites, that a) can be currently defined as employment sites either because they have a specific allocation, are within a PEA / SEA, or were last used for employment purposes<sup>29</sup>; and b) can be defined as currently available. In assessing the latter we have had regard to those that are available for development either immediately, or on completion of site works / infrastructure provision. Excluded are those that:
- are currently occupied;
  - are evidently expansion land for a specific company;
  - have buildings capable of re-occupation.
- 10.6 Furthermore, for the update work, an additional 34 sites were identified for analysis on the basis of changing circumstances since the earlier ELR (including a number of recently vacated premises, particularly in the Team Valley).
- 10.7 Application of the above criteria will exclude some sites that could accommodate B1a office development. Sites allocated or otherwise

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<sup>29</sup> Within the Team Valley PEA, four sites are allocated as public open space or green space; despite one of these having been partly developed for employment use we have not regarded these as currently available employment sites.

appropriate for mixed-use development (particularly those in and around Gateshead town centre) have been separately assessed.

- 10.8 The sites are listed in Appendix 11. In total there are 51 allocated / committed sites totalling 78.23ha (adjusted downwards to allow for mixed use on a number of the sites, hence the discrepancy with the 101ha figure reported in the Gateshead AMR for 2010/11). It should be noted that the capacity of these mixed-use sites to accommodate B-class uses varies and until masterplans have been produced, cannot be estimated with a high degree of accuracy. Having regard to the list of sites and range of uses that would be acceptable we have assumed that a 50% employment component is appropriate in accordance with the approach taken by Newcastle City Council for their ELR<sup>30</sup>.
- 10.9 On the basis of the St Chad's scenario, it is projected that over the plan period (to 2030) there are net requirements for:
- an additional 4.1 hectares of land for office development
  - an additional 2.2 hectares of land for warehousing
  - a reduction of 3.4 hectares of land for manufacturing
- 10.10 Overall the projected land requirement could increase marginally - by 2.8 hectares (or by 16.8ha to 2038). However, to ensure that losses of employment land to other uses are accommodated, some 70.5 hectares of available employment land will be required at the lower end to 2030 (and 100.6ha to 2038) as discussed in detail in Section 8.0. Factoring in the past take up rates could indicate a need for up to 120.5ha at the top end of the range to 2030, however.
- 10.11 This analysis suggests there is 11% more land than is required ( $([78.23 - 70.5] \div 70.5)$ ). In terms of quantity there is sufficient available employment land for the plan period at the lower end of around 8ha, and a potential shortfall of around 42ha at the top end. As the assessment of the PEAs and SEAs identifies in Section 9.0, not all is necessarily of the right quality nor in the right place.
- 10.12 This small oversupply is likely to be exacerbated by windfall sites, which could comprise the recycling of existing employment sites that would not otherwise be picked up in the spatial planning process.
- 10.13 In major urban areas there is a growing recognition that sites for employment development will become available through the recycling of former employment sites. Thus planning authorities may not need to identify sites for the whole of a plan period at the start of the plan, as allocations will be

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<sup>30</sup> Note: for the sites surrounding the Metrocentre, given the substantial size of this area, a lower figure of 20% has been applied to avoid potentially flooding the market in this area



topped up through recycling during the plan period. Elsewhere in the UK, regional planning policy acknowledges this redevelopment process. In the West Midlands local planning authorities are encouraged to provide a five-year rolling reservoir of readily available employment land and ensure a further reservoir of land requiring preparation that can be used to replenish the supply of readily available sites. The advantage of this approach is that through annual monitoring, the supply can be adjusted in response to booms and slumps in property development activity.

- 10.14 The strength of the industrial market in parts of Gateshead makes it one of the few locations in the region where rents can be high enough for this redevelopment process to occur without the need for public sector intervention. When instances of recent take-up are considered it is clear that this process is already occurring. In Team Valley for instance much of the currently available employment land was formerly in employment use, and no new public sector investment in infrastructure has been required before private sector redevelopment can occur. The current recession may reduce the rate of redevelopment, but coinciding with the abolition of empty rates relief, it has increased the rate at which previously developed employment sites have come forward for redevelopment. The former Huwood (4.38 ha) and Saia Burgess (2.26 ha) factories on Team Valley are recent examples of this.
- 10.15 There is a clear risk of over-allocation if the Council aims to provide sufficient employment land for the full plan period. By their very nature the scale of these windfalls cannot be identified in advance. Thus the appropriate amount of land to be allocated is difficult to determine with precision.
- 10.16 For many years planning inspectors at public inquiries have accepted a simplified approach to the quantitative assessment of employment land. This assumes that the gains from windfall sites and the losses to other uses will tend to cancel each other out. The accepted analysis compares current availability with past take-up.

### **Recent Take-up**

- 10.17 Our analysis of past take-up of employment land within the Borough uses data from the Council's Annual Monitoring Reports covering the monitoring periods 2000-01 to 2011-12. This is analysed by year and location at Appendix 12. Checks have been undertaken of the data against definitions of take-up which have been accepted by Planning Inspectors at inquiries into employment land provision elsewhere in the region. These checks raised issues concerning the data's integrity due to inaccuracies in site areas, use of gross site areas when only a small part has been developed, inclusion of types of development that do not reduce the amount of available employment land (such as extensions and other building works by occupiers on their own land). The impact of the errors is potentially a substantial overstating of take-up and a consequent underestimate of the implied supply. Consequently, a detailed review of the take up data has been

undertaken by Storeys Edward Symmons on behalf of GMBC to address these concerns and arrive at a more accurate figure of take up over the last 12 years.

- 10.18 Based on the existing data, over this 12 year period (2000-2012), some 47.5ha has been developed for employment purposes, equating to an average of 3.96 hectares per annum. Based upon current employment land availability of 78.23ha net, and using average take-up levels, there is an implied supply sufficient for 20 years.
- 10.19 It is important to note that planning inspectors have, in certain instances, regarded lower levels of provision as appropriate for typical future plan periods. Recent appeal decisions in the region demonstrate that inspectors recognise that the North East RS introduced an absolute maximum of 25-years provision to address the region's substantial oversupply of employment land. Lower levels of provision are thus appropriate and encouraged. However, on the basis of a request from GMBC to look at a period of 25 years from the likely adoption date of the Core Strategy, 2013, this ELR has considered employment land needs covering a period of 28 years, from 2010-2038.
- 10.20 In summary, neither the econometric modelling, nor the quantum of land available when compared to past take-up, would justify substantial levels of additional provision. Given the increasing risks associated with estimating appropriate provision over a very long period, any proposals to use an extended plan period as an appropriate justification for substantially higher allocations should be treated with caution. However, the study has given appropriate consideration to whether certain sites could be de-allocated, or removed from PEA/SEA protection, as well as the need to provide new sites better suited to providing a portfolio of between 70 and 120 hectares that can support future economic growth in Gateshead Borough.

## The Portfolio of Sites

- 10.21 Economic modelling has identified the net-contraction of manufacturing (B2) and the growth of services (B1a) and distribution (B8). In overall terms, there is a need to ensure that there are sufficient allocations for office and warehouse development, whilst recognising that there can be a reduction in the land available for general industry.
- 10.22 In identifying the most appropriate locations for further office and warehouse development regard has been had to the contextual findings of the PEA and SEA Assessments; the qualitative appraisals of sites and the results of the Office Needs Assessment and the Office Capacity Study.

## Offices

- 10.23 Further analysis of take-up provides an understanding of the demand for office development sites. In some cases offices have been developed as part of a wider mix of uses and in such cases we have apportioned the site

area. Over the twelve years to March 2012 we estimate that take-up has totalled 9.64 hectares. This averages around 0.80 hectare per annum and represents 20% of all take-up for employment purposes.

- 10.24 Half of this office take-up (4.86 ha) has taken place in the Dunston PEA, through the phased development of Metro Riverside Park. Within this PEA, 83% of take-up has been for office use. There is a strong market case for additional office development in this location, where there is evidently developer and occupier demand, although policy would need to consider the NPPF's provisions in terms of site sequentiality (in this context some of the MetroGreen sites would benefit from 'edge-of-centre' status given their proximity to the MetroCentre Interchange, and the NPPF requires policies for considering proposals that might not in any case be capable of being accommodated in or adjacent to town centres). However, as noted below, this should form part of the MetroGreen concept framework and masterplan, hence any initial attempts to predetermine the use of certain sites for B1a office without further evidence should be treated with caution.
- 10.25 At Team Valley, office developments at Fifth Avenue Business Park, Maingate and Queens Court have accounted for 2.18ha of take-up which represents 13% of all take-up in Team Valley. Whilst, as with Dunston, there is market demand here, high density office development would need to comply with the policy guidance in the NPPF. The NewcastleGateshead Office Needs Assessment considers there to be a need for some limited office provision on the Estate to accommodate businesses that serve existing industrial sectors; Fifth Avenue Business Park and Maingate have become the principal foci for Team Valley's offices and provide capacity for further development..
- 10.26 There has been a noticeable shift in the location of office development activity. In the first five years of this period, take-up focussed primarily on Metro Riverside and Team Valley. These out-of-town locations accounted for 90% of the Borough's office development. More recently, this focus has switched to the Town Centre and the more central locations of Gateshead Quays and Baltic Business Quarter, which since 2006 have accounted for 39% of land and 73% of new office floorspace. With the NPPF incorporating a sequential test for office development this shift might be expected to continue, assuming there is market confidence to develop in these locations, and recognising that not all office space can be accommodated in or adjacent to town centres. However, on the basis of the currently defined boundaries for Gateshead Town Centre and Newcastle City Centre, Baltic Business Quarter, which is more than 300m beyond either, they would not qualify as an edge of centre site and therefore have no greater status in terms of the sequential approach than any other location. Consideration should be given to whether it is appropriate to extend both boundaries in the Joint Core Strategy.
- 10.27 All of Baltic Business Quarter and part of Gateshead Quays are within the East Gateshead PEA where, since 2006, 1.44ha has been developed for

offices, accounting for 62% of take-up in the PEA. Part of the BBQ is within 300m of the Town Centre boundary, hence can be considered an 'edge of centre' office location for the purposes of the NPPF. This is a Key Employment Location but despite recent developer activity there has been only modest occupier demand, primarily due to the ongoing implications of the recession and restricted credit availability, and hence new office buildings in this area have very high vacancy levels.

10.28 Market evidence is that new office development sites will need to meet requirements for space in business park locations as well as the Newcastle Gateshead central business district, recognising that not all office space can be accommodated in or adjacent to town centres. The amount of land required for future office development will depend on the density of development. These densities vary according to location. An analysis has been undertaken of the site densities achieved amongst a sample of office developments in Newcastle, Gateshead and major office parks in the sub-region. The sample has been chosen to ensure coverage of a wide variety of office schemes (see Appendix 15). Densities range from 20% to 500%. The approach taken to office densities by location in Gateshead, based partly on this research, is summarised in Table 8.1 in Section 8.

10.29 Economic modelling suggests an additional 5.5 hectares of land is required for office development net, although gross requirements are likely to be higher. As noted earlier, it has not been possible to provide detailed breakdowns of gross requirements for B1/B2 and B8 due to the lack of specificity of the data on losses and hence a total B-use class figure has been provided; past take-up suggests 15 hectares may be required for a 15 year plan period.

## Industrial Land and Warehousing

10.30 Industrial buildings can typically accommodate manufacturing and storage uses. Similarly industrial estates often accommodate both factory and warehouse premises. There are a very few estates within the region that are regarded by the market as distribution parks, with the notable exception of Follingsby. In accommodating future requirements from the distribution sector the Borough should consider not only Follingsby PEA, but also other PEAs with good access to the strategic highway network, such as Team Valley, Dunston, Blaydon/Derwenthaugh, Portobello and, to a lesser extent, Felling.

## Summary of Demand versus Supply

10.31 From the assessment of the PEAs and SEAs, consideration of currently available land, and the qualitative assessment of the list of existing/committed sites, a number of allocated employment / mixed use sites have been identified, totalling **30.15** hectares, where it is considered that they are no longer suitable for employment purposes and could be allocated for alternative uses. This comprises:

- G26 at Blaydon/Derwenthaugh PEA, a **0.66ha** site;
- 7 allocated mixed use sites: G106 Derwent West Bank adjoining Blaydon PEA (**4.03ha**); G21, Bill Quay, at Fairfield SEA, a **0.79ha** site; G224, G155 and G108 at Swalwell (**1.73ha** removed in total); G113 Gateshead College (**2.02ha**); G114 and G115 at Pelaw (**0.73ha** collectively);
- Sites G187b, G170a, G171a, G171b and G379 from restricted B-use, removing **16.01ha** (and potentially replacing this with **1.86ha** of employment land as part of a wider mixed use development on sites G170a and G171b, resulting in a net loss overall of **14.15ha**);
- Site G191c BBQ energy centre site, **0.58ha**;
- Site G421 at Stoneygate Close, Felling, **0.63ha**;
- G346, G347, G348 and G349, the four New Chandless Sites, and G341, G406 and G413 in Gateshead Town Centre, totalling **3.53ha**;
- G393 at High Spenn SEA, **1.3ha**.

10.32 These proposals are summarised below:

**Employment Sites**

B1/B2/B8 Employment sites currently available	68.71
Recommended for deletion	30.15
<b>Reduced Committed Employment land Provision</b>	<b>49.36</b>

10.33 This figure remains well below the estimated requirement for between 70 and 120 hectares and indicates that there remains an under supply of employment land in the Borough. Clearly, achieving this ‘target’ of development will be dependent on a number of factors including adequate local labour being available, potential enabling development on mixed use sites; site constraints being unlocked to facilitate future development; and the area being able to attract more businesses in the future. It should, however, be noted that a substantial number of existing employment sites in Gateshead Borough have remaining developable land; whilst not specifically allocated as such, they are still protected for employment use. These sites have not been included in the revised ‘committed employment sites’ figure of 49.36ha, but nevertheless comprise part of the effective supply of land as far as the market is concerned. These have been categorised as existing/potential sites in the sub-sections above and their inclusion, where appropriate, increases the available supply accordingly. The implications are discussed below for each PEA/SEA.

10.34 However, the detailed PEA/SEA assessment in Section 9.0 indicated that a number of the designations were no longer fit for purpose, and required modification (either extension or contraction) to ensure that the best sites in need of continued protection are afforded that right, whilst poorer existing sites, particularly those where alternative uses would be more viable and sustainable (including areas of certain PEAs/SEAs where alternative non-employment uses have already encroached), are excluded. In addition, there

are certain examples where the extension of PEA boundaries would take in a new potential employment site, which would merit an allocation. It is important to re-emphasise that retained employment sites outside the PEAs/SEAs are not protected from alternative uses.

10.35 The delivery of economic development may also require qualitative improvements in the employment land portfolio. Appropriate public sector interventions could include actions such as:

- Land assembly
- Removal of physical constraints
- Infrastructure provision
- Environmental improvements

Opportunities for qualitative improvements in specific employment areas are set out below.

10.36 The remainder of this section summarises the recommended policy responses for each PEA/SEA and Gateshead Town Centre, reviewing the outcomes of the site appraisals for potential new sites where appropriate.

## Area Summaries – the Way Ahead

### Addison PEA

10.37 It is considered that Addison PEA is well established and can continue to provide employment sites in the western part of the Borough. In particular there is an opportunity for some sites fronting Newburn Bridge Road to be made more attractive to the private sector and for bespoke schemes for redevelopment to come forward through time. Appropriate public sector interventions include environmental improvements to the road frontage and provision of access spurs to development plots. In this context, it is expected that traditional employment uses can continue to be accommodated within this area. The PEA is expected to decline in the longer term, but de-allocation of sites is not considered appropriate at this stage due to the estate's established economic role in the area.

10.38 There were no potential sites to be appraised that immediately adjoined this PEA; however, two potential sites further afield were appraised that came forward from the earlier SHLAA appraisal. Potential sites G14 (a care home) and G237, located c.250m to the south of the PEA, were reviewed. Both scored very poorly in the appraisal process; it was concluded that G14 was unavailable for employment use, whilst G237, a greenfield site located within the Green Belt and a Conservation Area, would be an unsustainable addition to the portfolio. Hence it is not recommended that either site be taken forward as an employment allocation.

10.39 It is therefore recommended that:

- **Addison PEA should be retained as a Primary Employment Area with a minor amendment to its UDP boundary to exclude the river frontage at its northern end.** Some limited additional development capacity remains within the estate, with the vacant land at existing sites G62, G424 and G514 being allocated for employment uses going forward.
- **It is considered that there is no need for any changes to the current site designations within the PEA;** hence G17 should be retained as an employment allocation.
- **There is no requirement for any new sites to be allocated.** Sites G14 and G237 further south of the PEA would comprise inappropriate employment allocations and should not be taken forward for employment use.

### Blaydon/Derwenthaugh PEA

10.40 Blaydon/Derwenthaugh PEA's location on the western side of the conurbation in close proximity to the A1(T) and riverside routes, provides an attraction for industrial and storage occupiers. Equally, the lawful businesses on the trade parks are also attractive as a recognized cluster of quasi retail premises. It is considered that this area is likely to continue to provide a major contribution in the provision of a range of B2 and B8 accommodation on the west side of the Borough and with proximity to the Metrocentre. Consolidation and incremental expansion might be anticipated. There is a very limited supply of sites available for immediate development, and those that are, at the back of the estate, have poor access. Waste management facilities would be appropriate in this location, as there are already existing facilities at Cowen Road, Factory Road and Derwenthaugh Industrial.

10.41 Appropriate public sector interventions are access improvements to parts of the estate through investments in roads and environmental improvements. These should aim to reduce on street parking. As sites come available for redevelopment, some land assembly may enable comprehensive redevelopment.

10.42 **Potential sites to be appraised:**

10.43 Four potential sites were appraised; sites G22 and G326 within the PEA, and two sites beyond its south-eastern boundary, G283 and G193:

- **Site G22**, land east of Derwenthaugh marina, is located within the PEA but is considered to have very weak market attractiveness as a 'backland' site and is partially within flood zone 3a. It is considered unsuitable as a potential employment allocation.



- **Site G326**, the former Blaydon Creamery site in Blaydon, has now been vacated by Medina Dairies and the freehold is available. Some land remains vacant. Undeveloped parts of the site are likely to be regarded by the market as necessary for circulation, external storage, parking etc. The site is currently being marketed for single occupation, and should be redeveloped for employment use. As such, this could contribute 3.10ha to the portfolio.
- **Sites G283 and G193** are located immediately to the south of the PEA, west of Derwenthaugh Road. Both sites are located in the functional floodplain 3b, whilst site G193 comprises allocated urban green space and G283 contains a Wildlife Corridor. Both are located within a Local Wildlife Site (formerly known as SNCIs) The EA raised flood risk safety concerns regarding the safe access and egress to site G193 in particular, as this would be towards the A1 trunk road. Both sites are considered unsuitable potential employment allocations.

10.44 It is therefore recommended that:

- **Blaydon/Derwenthaugh PEA should be retained as a Primary Employment Area with minor amendments to its current UDP boundaries to exclude sites G71b, G26 and G22. The boundary should also be adjusted to exclude the strip of land to the southeast along the A94 between G283 and G106, which presently includes a Premier Inn and Petrol Filling Station.** There is limited additional development capacity within the estate, although windfall sites could be expected to provide redevelopment opportunities in the future. Site **G494** has around **1.69ha** of available land, which should be allocated for employment use.
- **With the exception of the allocation of the vacant land at G326; the deallocation of G26 and G106 and the revocation of PEA protection for G71b and G22, it is considered that there is no need for any further changes to the current site designations within and adjoining the PEA.**
- **There is no requirement for any new sites to be allocated other than the vacant land at G326 and G494.** Sites G22 within, and G283/G193 without, the PEA boundaries would comprise inappropriate employment allocations and should not be taken forward for employment use. The latter two sites are located within an SNCI and the functional floodplain.

## Dunston PEA

10.45 Dunston PEA has a very high profile within the Borough and one that offers a significant opportunity to consolidate the existing employment uses in this part of Gateshead. However, there are considerable development opportunities that could benefit from the existing infrastructure in the area, particularly the Metrocentre public transport interchange and Metrocentre itself. It is recognised that there are aspirations to achieve a mixed-use urban area in this location which provides residential opportunities.

- 10.46 A number of the appraisal sites in this area have been on the market for a considerable period of time, in part due to expensive remediation issues. Substantial public subsidy is likely to be required to bring a number of these forward unless higher value end uses such as residential are pursued. It is, therefore, considered that for much of the area, the introduction of a wider mix of uses including residential would be appropriate, particularly in the eastern end of the site. Mixed use would also provide an opportunity for viable public transport provision to mitigate congestion on the A1 and to reflect the sequential approach to flood risk.
- 10.47 Careful consideration should be given to the protection of viable industrial operations when identifying alternative uses in this area. Having regard to the substantial amount of available employment land in the PEA when windfall sites become available, consideration should be given to alternative uses, particularly where they adjoin housing or where their loss would not impact on remaining industrial operations.
- 10.48 In the northern part of the area there has been substantial public sector investment in road infrastructure and site preparation but flood risk and contamination remains an obstacle to viable development of employment uses. To the south of the railway there is scope for improvement through investments in roads and environmental measures. Appropriate public sector interventions should be identified through the comprehensive masterplanning of the area. These issues are being addressed within the MetroGreen concept framework.
- 10.49 **Potential sites to be appraised:**
- 10.50 Six potential sites were appraised:
- **Sites G172 and G173**, comprising the Metro Retail Park, IKEA and Asda; and site **G322**, the Metrocentre car park, are currently integral to the operation of the Metrocentre and adjoining Retail Park and will remain so for the foreseeable future, hence they are unsuitable as employment allocations.
  - **Site G174** comprises the existing Costco retail warehouse unit and adjoining land. The site is in occupation with possible protected/priority species and habitats/flood risk constraints on the remaining land. It is within a Strategic Green Infrastructure Corridor and Opportunity Area and should not be taken forward for B-class employment use.
  - **Sites G202 and G323** comprise wildlife designations, with the latter site also comprising an LNR within the Green Belt; these sites scored very poorly overall in the site appraisal process and hence it is recommended that these sites should not be taken forward for employment use.

10.51 It is therefore recommended that:

- **Dunston PEA should be subject to the emerging MetroGreen Concept Framework and possibly an Area Action Plan process, which would seek to secure the long term sustainable development of this highly accessible area.** Due to the potential highways impacts of high density office/residential development, there will be a need to work with the Highways Agency to avoid increasing the levels of congestion currently experienced on the A1 Trunk Road network.
- From both a market and planning policy perspective there are advantages to the expansion of the established office location at Metro Riverside. Thus G107b should be retained for employment and the adjoining sites G171b and G170a should be considered for mixed use including employment uses. **Elsewhere, it is considered that it could be inappropriate to restrict certain sites within Dunston PEA for single use, where a more flexible approach to a mix of uses would be more appropriate. The PEA policy protection will be revoked once the revised development management and allocation policies are adopted.** In addition, the MetroGreen Concept Framework and masterplan/SPD will provide an effective guide for development. Site G94 is not currently protected for employment use and could also be subject to a similar masterplanning approach to encourage a wider mix of uses.
- **The de-allocation of sites G187b (3.23), G170a (6.6ha), G171a (3.35ha), G171b (2.7ha) and G379 (0.13ha)** from restricted B1/B2/B8 uses, hence removing the current restrictions against non-B class uses. This could potentially remove 16.01ha from the employment land portfolio, although B1a is likely to remain a component of mixed use schemes in G170a/b and G171b areas (potentially around 5.66ha).
- **There is no requirement for any new sites to be allocated beyond the existing boundaries of the PEA ahead of the wider masterplanning of the area.** Sites G172, G322 and G173 are currently integral to the operation of the Metrocentre and adjoining Retail Park and will remain so for the foreseeable future; G174 is the currently operational Costco site, whilst G202 and G323 comprise wildlife designations, with the latter site also comprising an LNR within the Green Belt; hence these sites should not be taken forward for employment use.

## Teams PEA

10.52 Historically, Teams PEA was an area of heavy industry featuring iron foundries, forges and glassworks clustered along the River Team. The Revolution premises on Clockmill Road are a recent redevelopment and there have been improvements made to the Jennings Ford site. Generally, however, traditional forms of industry occupying larger obsolete and run down buildings are characteristic. Unless significant new investment can be found it is unlikely that this PEA will contribute to significant newer B2 or B8 uses in a quality setting.

10.53 The area is subdivided by meanders of the River Team, which has led to the fragmented development of the estate. The removal of PEA protection will allow more valuable uses to be considered, which may create opportunities for environmental improvements including using the River as a landscape feature. Remediation of long derelict sites may require public sector funding if end uses are of low value, but this could be avoided if more valuable uses are allowed.

10.54 On this basis it is recommended that a number of the sites could be released for alternative, non employment uses without having a detrimental effect on Gateshead's overall employment land portfolio. Hence it may be necessary for GMBC to remove the PEA protection from this general area and replacing it with SEA status, which could enable a degree of flexibility to be applied on a site by site basis to non-B-class uses in the area, subject to compliance with criteria-based policies. This could be a distinctive case and other PEAs/SEAs would not necessarily permit alternative uses. Clearly, careful consideration should be given to the protection of viable industrial operations when identifying alternative uses in this area.

10.55 In summary, this PEA is not expected to provide for significant new redevelopment. Hence it is recommended that there should be a focus on incremental improvements as individual opportunities arise.

10.56 **Potential sites to be appraised:**

10.57 One potential site was appraised to the south of Teams PEA:

- **Site G250**, the Karting North East site, has problematic access with a low bridge and tight corners that would be unsuitable for large articulated HGVs to negotiate. These access issues and the proximity of residential uses would suggest that the site would be an unsuitable employment land allocation at this time, but could be suitable, in market terms, for other uses.

10.58 It is therefore recommended that:

- **Consideration should be given to removing the PEA protection currently afforded to the four sites at Teams** (i.e. G461, G452, G434 and G32) and its replacement with a weaker SEA/'local employment area' designation which would permit alternative uses. Although this is a long established industrial area, surrounded by residential areas, many of the buildings are in poor condition and nearing the end of their useful economic life. Consideration should be given to alternative uses that do not impact on the viability of retained industrial operations.
- **The boundary of the resultant SEA/local employment area should be revised** to exclude site G461 and pulled back to the River Team, immediately to the south of site G32.

- **Site G117, a site immediately adjacent to the existing PEA boundary, should be retained as a mixed use allocation**, with an element of B1/B2 (although the employment use elements have been reduced in light of current permissions).
- **There are no requirements for any new sites to be allocated.**

## Team Valley PEA

- 10.59 Team Valley is regarded as the North East's premier trading estate, attracting a range of occupiers from local SME's to large multinational companies. Developers such as UK Land Estates have been active on the estate in recent years. There are few sites that are currently available freehold, and when sites do come to the market considerable interest is generated. Recycling of land has become more prevalent as the PEA reaches its natural threshold; very little developable land remains within the established boundaries.
- 10.60 It is important to protect and enhance Team Valley's role as a premier industrial estate but this will need to be achieved through a steady recycling of sites and upgrading of infrastructure. New developments should incorporate high standards of parking and circulation. Open space within the estate should be maintained and improved to improve amenity. Development pressure to reduce roadside landscape strips and open space should be resisted. Investment in IT infrastructure should aim to keep ahead of business needs. Team Valley is located within a Critical Drainage Area therefore appropriate surface water management and mitigation measures will be required.
- 10.61 There is limited potential for extension of the estate given capacity issues on the Western Bypass, flood risk, and Green Belt designation (see below). As smaller sites come available for redevelopment, opportunities should be considered for land assembly to enable more comprehensive redevelopment, however private sector developers will be alert to such possibilities, limiting the need for public sector intervention beyond a development control function.

### Potential sites to be appraised:

- 10.62 19 potential employment sites were appraised in the PEA:
- Five of the appraisal sites within the PEA (**sites G454, G455, G456, G457 and G508**) comprise potential new allocations that are currently allocated as open space. These provide aesthetic appeal to the business park element of the estate and due to the environmental and habitat implications of any development on this land; they performed poorly in the site appraisal in sustainability terms and are not recommended to be taken forward as an allocation.

- To the south in Lamesley there are greenfield sites that could accommodate further growth of the estate (specifically sites **G489, G479 and G480**); however this would require a shift in planning policy as these areas are currently designated greenbelt and, given their size, would have a substantial impact on the Trunk Road network at peak times. Flood risk would limit the extent of any extension given the extensive area of functional floodplain within G489. Development would not be appropriate within the functional floodplain and other flood risk areas would be subject to the sequential test and need mitigation.
- Potential releases are difficult to identify, but could involve land in the vicinity of the Tyne Marshalling Yard to the south (**G190**). However, this forms a strategically important part of the Green Belt. It may come forward in exceptional circumstances for rail related use in future.
- The former Low Fell railway sidings (**G28**) could provide a 3.75ha site immediately adjacent to the Team Valley. It currently comprises brownfield land and would comprise a rare sustainable extension to the estate with no specific environmental constraints identified. The site can be accessed from Saltwell Road/Harrison Gardens, is surrounded by local labour and is very close to local services at Saltwell Road Local Centre. However, the site is landlocked, and it is likely to prove expensive to provide the necessary infrastructure. As such, it is not recommended to be taken forward as an allocation at this time.
- Nine existing under-utilised or newly vacant former employment sites were also appraised – **sites G40, G43, G49, G426, G501 G503, G513, G521 and G523**. As noted in Section 9.0, it is considered that these should be retained for employment use. Collectively, the available employment land on these 9 sites could contribute a further 11.97ha to the employment land portfolio.

10.63

It is therefore recommended that:

- **It will be important to protect and enhance the existing Team Valley PEA boundary, although opportunities to extend the boundaries appear difficult given the policy constraints of Green Belt allocations and capacity problems on the Western Bypass.**
- Although the estate is reaching capacity, there are very few sustainable options to expand the PEA. The potential sites appraised within the PEA generally comprise unsuitable designated open space areas, whilst the large areas of land to the south are greenfield sites with Green Belt protection.
- There are several existing under-utilised or newly vacant former employment sites in the Team Valley PEA which could contribute a further 11.97ha (net) to the forward supply; it is strongly recommended that these sites be allocated/protected for employment use.

- Given the significant congestion issues on the adjacent trunk road network, and allowing for planning policy considerations concerning the sequential test for main town centre uses such as offices, it is considered that **large scale, high density B1a office uses that are not ancillary to a B2/B8 use in the Team Valley would need to be considered in terms of capacity of the highway network and in accordance with the policy in the NPPF.**

## East Gateshead PEA

- 10.64 The proximity to Newcastle Quayside and frontage onto the south bank of the River Tyne provide a key differentiator and landmark setting for prestige office developments in East Gateshead that to date have included the Baltic Place scheme and other offices within the northern boundary of the Baltic Business Quarter. There is further potential for office development in the north-west part of this PEA as part of a broader mix of employment including educational, leisure and tourism uses. The eastern part of the PEA provides conveniently located second-hand industrial units. Many of these are of a size and specification for which there is reasonable demand, depending upon their condition. Weak demand for large engineering sheds has resulted in their demolition, and as and when the remaining ones are vacated, a legacy of large brownfield sites will result.
- 10.65 The PEA has benefited from past public sector funding for environmental improvements and land remediation. However, investment needs to be sustained into the future as sites become available for redevelopment. Appropriate public sector interventions are access improvements to parts of the estate through investments in roads and environmental improvements. These should aim to reduce on street parking. As sites come available for redevelopment, opportunities for land assembly should be taken to enable a more comprehensive approach.
- 10.66 The area has potential for further public sector funding support. The area may benefit from the Regional Growth Fund and Accelerated Development Zone. If the bids are successful the Council may have the opportunity to utilise TIF for de-risking and infrastructure improvements such as quay wall improvements, extending Baltic Business Quarter boulevard, development of a district heating network, car parking and remediation and clearance. 1Plan sets out the Council's economic vision for regenerating the urban core and the Council seeks to target delivery within Gateshead Quays and Baltic Business Quarter. As sites come available for redevelopment, opportunities for land assembly should be taken to enable a comprehensive approach: this has been reflected within the recent land assemblies by the HCA and GMBC within the wider Tyne Bridge Tower (G412) area.
- 10.67 This PEA is likely to play a key role in the expansion of Gateshead Quays and the realisation of the potential opportunities for mixed-use redevelopment of the key sites adjoining the regionally significant tourist and leisure attractions and the Key Employment Location at the Baltic Business Quarter.



The western area therefore has a major role to play in terms of accommodating new employment uses in this area of Gateshead Borough. This could lead to the displacement of more traditional employment uses to sites elsewhere in Gateshead. These could realistically be accommodated within this area through the consolidation of existing uses and turnover of existing business accommodation. However, the general trend would be expected to be towards an upward shift in the quality and density of employment as well as the continued expansion of non-B-class uses that have an employment element. Hotels, leisure and education would be expected to be a major part of this.

10.68 Available employment sites are largely situated in the western part of the PEA. In the eastern part underused sites and vacant buildings will accommodate future demand through windfall provision.

10.69 It was further recommended in Section 9.0 that site G191a, the Baltic Business Quarter, is subdivided into a number of masterplan areas to bring the most appropriate land uses forward over the plan period, albeit retaining a substantial office component.

10.70 **Potential sites to be appraised:**

10.71 One potential employment site was appraised outwith the PEA:

- **Site G74** comprises the large former Freight Depot site located between the Town Centre and the East Gateshead PEA. Whilst it is a substantial brownfield site that is highly accessible and in need of remediation, it is considered to be more suited to residential, retail and community uses than employment at this time.
- Seven existing under-utilised or newly vacant former employment sites were also appraised – sites **G31, G419a, G420a, G433, G463, G486 and G495b**. As noted in Section 9.0, it is considered that these should be retained for employment use. Collectively, the available employment land on these 7 sites could contribute a further **2.2ha (allowing for a mix of uses on sites G463 and G486)** to the employment land portfolio.

10.72 It is therefore recommended that:

10.73 **East Gateshead should be retained as a Primary Employment Area.** The boundary of the PEA may need to be reviewed in future following the masterplanning of the BBQ if alternative uses are going to be permitted.

10.74 **Whilst the area has surplus capacity it is important to establish a critical mass of offices at Baltic Business Quarter / Gateshead Quays to ensure that it is recognised in the market as an office park.** However, given the substantial mass of the Baltic Business Quarter, with 11.3ha (net) remaining for development and high vacancy rates therein, it is recommended that it be subject to more detailed masterplanning and market assessment work to

test its suitability to accommodate some alternative uses, rather than being restricted to purely B1 office.

- 10.75 **There is no requirement for any new sites to be allocated.** Site G74, located beyond the PEA boundaries, would comprise an inappropriate employment allocation and should not be taken forward for employment use. There are 7 existing newly vacant former employment sites in the PEA which could contribute a further 2.2ha to the forward supply; it is strongly recommended that these sites be allocated/protected for employment use.

### Felling PEA

- 10.76 Felling PEA is a reasonably successful employment area and has supported recent bespoke development. The PEA remains reasonably attractive to the market, although there are certain buildings within it that will struggle to let and new speculative development is unlikely to be viable. There remains demand for medium-sized distribution depots that are well situated to serve the Tyneside urban area. This area is likely to continue to provide an important resource in terms of employment land and in particular the manufacturing and distribution sectors.
- 10.77 Brownfield redevelopment sites may require public sector funding for remediation. Parts of the area are of low environmental quality. Appropriate public sector interventions are access improvements to parts of the estate through investments in roads and environmental improvements. These should aim to reduce on street parking. As sites come available for redevelopment, some land assembly may facilitate comprehensive redevelopment.
- 10.78 With increased pressure from higher-value uses at Gateshead Quays and the Gateshead Town Centre, there could be requirements for sites within the Felling PEA resulting from displacement. It is considered that the area should be retained for the existing uses in the medium-to-longer term in order to ensure that there is an appropriate balance in terms of land and property.
- 10.79 **Potential sites to be appraised:**
- Five existing under-utilised or newly vacant former employment sites were also appraised – sites **G423, G466, G496 G518 and G519**. As noted in Section 9.0, it is considered that these should be retained for employment use. Collectively, the available employment land on these three sites could contribute a further 2.9ha (net) to the employment land portfolio.

- **G68** is a greenfield site located within the PEA at its northern boundary. It currently comprises non-designated open space within a wildlife corridor. Whilst there are few specific development constraints, it is considered that a major issue is the provision of vehicular access, which would be difficult to achieve, given adjoining users. Its role is likely to be as a future expansion site for adjoining users, although this need not require a specific allocation for employment use.
- **Site G73** comprises recreational open space beside Gateshead stadium, to the west of the PEA. The site is allocated for Urban Green Space, with Outdoor Sports Facilities Protection, and it is not considered an appropriate extension to the PEA.
- **Site G271** is a travellers' site that is considered unsuitable as a potential employment allocation.
- **Sites G491 and G512** comprise Heworth Interchange and the Metro Station's car park respectively. Whilst both sites (outwith the PEA boundary) comprise sustainable and highly accessible locations, it is questionable whether either would be sufficiently attractive to commercial users for B1a office space, as they comprise neither a business park, nor a town centre, destination. It is considered that development on either site would restrict Herworth Interchange's prime commuter function by limiting parking and circulation, whilst development costs at the site are likely to be high and complex. Hence aligned with the lack of market interest, neither site is recommended to be allocated for employment land.

10.80

It is therefore recommended that:

- **Felling should be retained as a Primary Employment Area.** The area does, however, have some surplus capacity, and where windfall sites adjoin residential areas consideration may be given to alternative uses if they do not impact on the viability of retained industrial operations or inhibit their potential expansion.
- **Commercial uses could be permitted on the Felling Bypass frontage,** and as such it is recommended that site G440, a small, constrained, vacant site, could be excluded from PEA protection for this purpose along with sites G180, G475, G510, G271 and G68. The boundary of the PEA should be redrawn accordingly to Stoneygate Lane/Abbotsford Road.
- There are several existing under-utilised or newly vacant former employment sites in the Felling PEA which could contribute a further 2.9ha (net) to the forward supply; it is strongly recommended that these sites be allocated/protected for employment use.
- **There is no further requirement for any new sites to be allocated.** Site G271 is an occupied travellers' site, whilst sites G491, G512 and G68 would comprise inappropriate employment allocations and should not be taken forward for employment use.

## Follingsby PEA

- 10.81 The strong demand for development and high occupancy levels at Follingsby Park are a result of the PEA meeting many of the essential criteria for B8 users. The direct and convenient access to the strategic highway network and modern, high-quality accommodation have been a key factor in the success of this PEA in providing employment for eastern Gateshead. Its strategic location between Tyneside and Wearside enables such users to serve both conurbations from a single base.
- 10.82 The private sector delivery of this area is unlikely to require public sector support, but development control should ensure that the quality of the estate is maintained.
- 10.83 However, whilst the PEA's proximity to the A194(M) and direct access from a major grade-separated junction provides excellent strategic access, the Highways Agency have expressed significant concerns regarding the capacity of the trunk road network to accommodate significant increases in traffic at peak times, and the substantive mitigation costs associated with the construction of additional highways capacity at this location would have substantial repercussions for any significant employment extension either to the estate, or in its immediate vicinity. The estate has the potential to benefit from links with bus services from the proposed Follingsby Park and Ride. Further improvements may also be required to the local road network (A195) including bus facilities and junction improvements.
- 10.84 **Potential sites to be appraised:**
- 10.85 Two potential sites outwith the PEA were appraised:
- **Site G365**, land at Leam Lane, came forward through the SHLAA 'call for sites' process. This very large greenfield site, located to the west of the PEA, is located within the Green Belt and comprises part of the Great North Forest designation. Its sheer size and likely impact on the trunk road network, allied with its environmental impact, makes this an unsuitable employment allocation at this time.
  - **Site G478** is another large greenfield site located immediately to the south of Follingsby PEA. As with G365, this site is located within the Green Belt, comprises part of the Great North Forest designation and would have significant adverse impacts on the Trunk Road network. However, its excellent location relative to the industrial estate ensures that it is likely to be highly attractive to the market and given the lack of alternatives, it is considered that this should be considered by Gateshead as a potential site in the medium-long term. Significant infrastructure investment is likely to be required.

10.86 It is therefore recommended that:

- **Follingsby should be retained as a Primary Employment Area.** GMBC should consider opportunities to extend in the medium-long term, given that demand for sites in this general area is high.
- Despite significant highways capacity constraints, the Green Belt and wildlife designations, it is considered that **further work should be undertaken to explore the feasibility of developing site G478** as an extension to the existing industrial estate to the south, given the strength of market demand, unique location and the absence of genuine alternatives. Consultee comments recommend that if it is to be taken forward as an allocation, part of G478 would need to be made available to support the integrity and function of the Wildlife Corridor and mitigate the impact of the scheme on statutorily protected species. This could ideally take the form of a buffer c100m in width following the route of the River Don and two separate buffer strips of c50m in width running north to south along both the western and eastern boundaries of the site. These areas could support a mosaic of open habitats including permanent and seasonal wetlands integrated as part of a SuDS for the site. Such an approach would reduce the net developable area from 39ha to 22ha. There is also an opportunity for the site to link with Follingsby Park and Ride Scheme through provision of a bus service into Follingsby Park.

### Portobello PEA

10.87 Portobello PEA is an established industrial area with several long established businesses. The area has attracted a range of occupiers from multinationals to smaller local businesses seeking to exploit its prominence to the A1M; however the estate's appeal is limited due to issues with localised access.

10.88 The future supply of land in the PEA is likely to depend predominantly on the recycling of previously developed land within the industrial estate itself. The future portfolio could be improved by the redevelopment of ageing industrial buildings. There may be an increased trend towards more trade related industries in the future and there have been signs of this with the motor industry beginning to become more prevalent.

10.89 The quality of the estate infrastructure is appropriate for a general industrial estate providing affordable premises and major environmental improvements are not necessary. But its layout hampers efficient circulation and this is exacerbated by parking on the estate roads. As sites become available the Council should look to improve these aspects through purchase of land and development control, ensuring that redevelopment improves circulation and off-street parking provision.

10.90 **Potential sites to be appraised:**

10.91 The industrial estate has reached its threshold point with all but one small parcel of land developed on. Housing on three sides of the estate limits expansion opportunities. Any redevelopment therefore will involve the recycling of previously developed land within the established industrial estate, or by building on grazing land adjacent to the A1M, sites G136, G282, G300a and G300b:

- **G136** (1.72ha) adjoins a residential area to the south and is divorced from the PEA; hence it is not considered an appropriate allocation.
- **Sites G282, G300a and G300b** are vacant, available, relatively flat and have few visually apparent contaminative constraints. All three sites are located immediately to the east of the PEA and could be readily accessed and serviced from existing roads on the estate. We are aware that there is developer interest in the remaining parcels of land at G282 (1.49ha) and G300a/b (0.89ha/0.72ha respectively). Whilst it is recognised that these sites currently function as open space, given the strong market demand in this area and excellent appraisal scores, it is considered that the three sites would be appropriate new allocations, although it would be important to ensure that given the sites' prominence from the A1, any scheme would need to be of a high quality incorporating a suitable landscape buffer and good quality boundary treatment along the trunk road interface.

10.92 It is therefore recommended that:

10.93 **Portobello should be retained as a Primary Employment Area**, with consideration given to an eastwards extension in the medium term. Of the sites appraised, G282 and G300a and G300b are considered appropriate for taking forward in Gateshead's Local Plan, although any development at these locations will have to comprise a high quality scheme with suitable landscape buffers and boundary treatments along the A1.

### **Durham Road, Birtley PEA**

10.94 This long established industrial area is home to some of the Borough's major employers. However, many of the buildings are in poor condition and nearing the end of their useful economic life. As a result, several of the sites within Durham Road, Birtley PEA have limited market attractiveness due to their poor location and accessibility, their close proximity to housing and the costs of remediation. Many of the sites are also in close proximity to the East Coast Main Line which limits the appeal in the market. The area has become a secondary location as new industrial estates such as Drum have emerged in recent years.

10.95 A high proportion of premises comprise old engineering workshops of poor specification. These include BAE systems (G181), which has been vacated and a planning application has been approved (subject to a s.106 agreement) for residential use. There is little prospect of such premises

finding new occupiers, and in many cases redevelopment for alternative uses, such as residential, will be more likely than reoccupation. Some heavy industry will continue to be based in Birtley and this will have an impact on the demand for adjoining sites and premises. Demand will increasingly be limited to businesses requiring low cost premises.

10.96 Non-employment uses (such as Dobbies Garden Centre and Car Craft) have encroached into the southern industrial area, which weakens the industrial role of the PEA. There is a continuing role for employment uses in this PEA but this will need to be subsidised by the public sector. In the northern part, the situation is more fluid – a number of long-standing occupiers are intending to move out in the foreseeable future, and have expressed their intention to pursue residential use for their sites. It is considered that a mix of uses could be appropriate in these areas, given their relationship to existing residential areas.

10.97 Consequently it is recommended that the PEA protection be concentrated to an area immediately below site G268 on Station Lane to the north, and below site G185 to the north.

10.98 Appropriate public sector interventions to the northern part will need to be informed by whatever comprehensive redevelopment proposals are identified in due course. In the southern part of the area development sites are generally well served by infrastructure but remediation may be required.

10.99 **Potential sites to be appraised:**

10.100 In total, five potential sites were appraised:

- **Sites G153, G255, G481 and G482** comprise unallocated greenfield sites that are, with the exception of G153, located within the Green Belt. Given the proximity of residential areas to the south-east, and allowing for the weak demand in the northern area of this PEA in particular and the likelihood of some large brownfield sites to the south becoming available in the near future, it is considered difficult to justify new employment allocations for these sites in marked contrast to the Green Belt site at G478 (discussed above). The consistently low appraisal ratings for these sites emphasises this view.
- **Site G269** comprises vacant land between AEI's car park and the ECML rail line. The site was rated as being of moderate quality in the appraisal process, although it appears to have relatively few constraints. It is considered that this site could act as expansion land for the adjoining industrial use; however, this site has an important function in absorbing surface water run-off and supporting priority species and habitat. It is thus considered inappropriate to allocate for employment use.



10.101 It is therefore recommended that:

- **The boundary of Durham Road Birtley PEA Employment Area needs to be revised to reflect weak market demand in the northern area in particular, the potential closures and relocations of some of the larger businesses in the years ahead, and the intrusion of a number of non-B-class uses in the southern area.** In the southern part of the area consideration should be given to allowing other commercial uses that do not impact on the viability of retained industrial operations. The imminent closure of major works in the northern part of the area will provide an opportunity for redevelopment for alternative uses. This should be considered in the context of a comprehensive masterplan which should redefine the boundaries of the PEA.
- **Potential sites G153, G255, G482 and G481 comprise greenfield northern extensions into the Green Belt which would be difficult to justify** given the recommended modification of the PEA immediately to the south and the likely availability of a number of large pdl sites in the foreseeable future.
- **Due to flood risk and important biodiversity issues, site G269 should not be allocated for employment uses** and can be excluded from the PEA boundary.

### High Spen SEA

10.102 This SEA fulfils predominantly local employment needs. The units accommodate local businesses and offer a range of sizes and specifications. However, High Spen is a small settlement that is poorly located relative to the strategic highway network and to major centres of population. The original industrial estate (site G354) is largely built out and has an extant planning permission (subject to a s.106 agreement) for 29 residential dwellings. Demand for premises in this location is weak and will principally be from small local businesses.

10.103 This small local industrial area is poorly laid out and circulation is very constrained making access to the development plots difficult. It is also adjacent to housing. Redevelopment proposals will be infrequent but when they arise opportunities to mitigate these weaknesses should be considered. Public sector funding may be required to bring about these improvements.

10.104 The scale of the extension to the estate (site G393) and the high costs of bringing this forward for development in the context of limited market demand makes this largely unnecessary, and consideration should be given to its deallocation, with the SEA designation revoked.

10.105 No potential sites were appraised in the vicinity of this SEA.

10.106 It is therefore recommended that:

- **High Spen's status as a Secondary Employment Area should be revoked, with site G393 de-allocated.**

### Stargate SEA

10.107 Stargate Industrial Estate provides local employment opportunities for Ryton. There are no sites currently available for redevelopment in Stargate SEA. However, some of the buildings are old and in poor condition and may provide redevelopment opportunities in due course. Speculative development is unlikely to be viable, although bespoke development for individual business or demand for storage compounds could be envisaged. Improvements to circulation and access should be considered.

10.108 The SEA is almost fully occupied, despite some of the buildings displaying being in a poor state of repair. Its location adjacent to the A695 ensures more than just local demand. Stargate should be retained for employment use and protected accordingly. Opportunities to improve circulation within the estate should be considered as sites come forward for redevelopment.

10.109 No potential sites were appraised in the vicinity of this SEA.

10.110 It is therefore recommended that:

- **Stargate SEA be retained as a Secondary Employment Area, with no amendments to the SEA boundaries.**

### Whinfield SEA

10.111 Whinfield SEA provides local employment opportunities for Rowlands Gill. It is relatively remote from local services, major centres of population and the strategic highway network. The buildings on sites G353a/b vary widely in age, size and quality and accommodate a mix of occupiers in largely bespoke premises. Although occupancy levels are reasonable, the estate is of limited attractiveness to the market.

10.112 Demand is likely to be variable in the SEA. Small buildings of reasonable quality and specification are likely to be reoccupied but larger or older buildings will struggle to find new occupiers if they become vacant as market demand in this location is thin, predominantly comprising small local businesses requiring accommodation for industrial/storage activities.

10.113 Within the SEA is a vacant employment site (G20) which could allow consolidation of the estate. The eastern part of the SEA (G353b) is separately accessed and comprises a handful of small workshops and yards. There is an opportunity to relocate these to within the eastern part of the state (G353a).

10.114 It is therefore recommended that:

- **Whinfield SEA be retained as a Secondary Employment Area, although the boundary should be amended to exclude site G353b to the north-west.** Site G353a should continue to be protected for employment use with site G20 retained as an employment allocation.

### Sands SEA

10.115 Sands Industrial Estate provides twelve workshops arranged in three short terraces. Moderate demand is anticipated for the industrial units on the estate from small local businesses requiring reasonable quality premises for use classes B2 and B8. The units on the estate are reasonably well maintained and redevelopment in the short or medium term is not appropriate while the estate remains a viable industrial investment. No major improvements to the estate are required.

10.116 Having regard to the small size and surrounding uses, in the longer term redevelopment for alternative uses may be appropriate, particularly given adjoining retail wholesale uses.

10.117 **Potential sites to be appraised:**

10.118 In total, two potential sites were appraised:

- **Site G498**, a vacant former Salt storage area, comprises an unallocated site within a Wildlife Corridor in an area of flood risk. As such, it is not considered that there is a need to designate this for B-class employment use at this time.
- **Site G373b**, the currently occupied B&Q warehouse and adjacent wholesale unit. Unsuitable employment allocation given current occupiers on the site.

10.119 It is therefore recommended that:

- **Sands should be de-allocated, although the industrial units on site G353a could be retained without the formal protection currently offered. No new allocations are considered necessary or appropriate here.**

### Whickham SEA

10.120 Whickham Industrial Estate provides a range of units in terms of age and size that are suited to a variety of local businesses. There are reasonable levels of demand for terraced units from small and start-up businesses that require reasonable quality premises for use classes B2 and B8 and flexible lease terms. Demand for the larger premises is also expected to be reasonably strong given the convenient location.

10.121 Site G201 comprises a large former Council depot to the north that is now vacant. The site provides a redevelopment opportunity, that it links poorly to the rest of the estate and given the structures on the site, access constraint and adjacent housing, demand is likely to be restricted. The speculative redevelopment of the site for employment use is unlikely to be viable, but there may be demand for re-use of the site for external storage or for bespoke development. However, adjoining housing will restrict the type of uses and operation that would be appropriate in this location. It is considered that the site has redevelopment potential for alternative uses and could be removed from the SEA boundaries as a consequence without impacting upon the viability or attractiveness of the rest of the estate.

10.122 The SEA could potentially accommodate business relocations from Sands which is under greater pressure from adjoining housing developments. It could also accommodate another external storage use. In contrast to G201, the southern area of the estate is well defined and operating successfully and should be protected for future employment use. Opportunities to improve circulation and the estates environment should be considered when redevelopment opportunities arise.

10.123 **Potential sites to be appraised:**

10.124 In total, one potential site was appraised:

- **G453** comprises land on the western boundary of Whickham industrial Estate. This site scored well in terms of accessibility, due to the presence of various bus services along Swalwell Bank and Hexham Road. The sites are close to residential areas and pedestrian and cycle access is reasonable. However it is a narrow site, a large part of which is a wooded slope which would make very little contribution to the SEA.

10.125 It is therefore recommended that:

- **Whickham should be retained as a Secondary Employment Area, with its boundary redrawn to exclude site G201 which has redevelopment potential for alternative uses.** It is not considered necessary to allocate greenfield site G453 as a westerly extension to the SEA at this time.

### Fairfield SEA

10.126 Given the extent of the physical constraints and the difficult and limited accessibility, there is only considered to be a limited market for the land and premises within this site. It is recognised, however, that the SEA could feasibly meet local needs for a range of lower-grade industrial activities and accommodate uses that would not necessarily be permitted on other sites that are closer to housing or other sensitive uses. River frontage and wharves can be assets for niche uses such as marine and offshore

industries. But here they are of poor quality and there is no shortage of riverside sites with better facilities, particularly in North and South Tyneside.

10.127 Whilst this estate is reasonably well occupied (G130), it is considered that the estate as a whole is of a very poor quality and comprises some of the poorest quality accommodation and environmental surroundings of any employment site in the Borough. Severe land contamination and difficult access issues would be expensive to rectify. It is strongly recommended that this site be released for alternative uses over the course of the plan period, with assistance given to existing local occupiers to find better quality accommodation elsewhere.

10.128 It is therefore considered that alternative uses that can release sufficient value to allow the remediation and clearance of both site G130 and the adjoining Harrison's Slipway area to the east, site G21, should be considered.

10.129 **Potential sites to be appraised:**

10.130 One potential site was appraised:

- **Site G53**, urban green space with public open space protection located beyond the SEA boundaries, would comprise an inappropriate employment allocation and should not be taken forward for employment use.

10.131 It is therefore recommended that:

- **Fairfield SEA should be de-allocated.** Many of the buildings are in poor condition and nearing the end of their useful economic life. The SEA designation, with its policy presumption against non-B class use, should be removed, with alternative uses that release sufficient value to allow the clearance and remediation of this and the adjoining riverside site (G21) should be considered in the medium term.

## Pelaw SEA

10.132 Pelaw SEA comprises a small local industrial estate that adjoins residential areas. Vehicular access to the estate is via a bridge over the metro line that only allows traffic from one direction at a time. Due to ground conditions the only remaining available site within the SEA, G38, which adjoins housing is unlikely to be developed.

10.133 The layout of the estate seems haphazard, access improvements and the marketing of clearly defined development plots should be considered alongside landscape works that provide a clear boundary to the estate.

10.134 It is considered that the SEA designation should be withdrawn and the mixed use allocations to the east also removed from the portfolio.

10.135 **Potential sites to be appraised:**

10.136 One potential site was appraised:

- **Site G92**, land opposite Oakfield terrace, comprises an allocated residential site opposite Pelaw SEA. The physical separation of the site from the SEA by the Metro line, along with the likelihood that this site will come forward for residential/retail uses, ensures that it would be an inappropriate employment land allocation at this time.

10.137 It is therefore recommended that:

- **Pelaw SEA should be deallocated as a Secondary Employment Area and the two adjoining mixed use sites removed from the employment land portfolio.**
- **There is no requirement for any new sites to be allocated.** Site G92 is considered to be better suited for either residential or retail uses.

### Gateshead Town Centre

10.138 Gateshead Town Centre serves as an administrative centre for the Borough and supports a small professional services sector and a base for public sector organisations with a Borough-wide or sub-regional focus. In the town's historic office quarter these sectors provide the bulk of demand. In peripheral locations there has been some provision of office suites for small businesses. Some of these are well occupied but others have high levels of vacancies, which suggests oversupply amongst this type of accommodation, with demand being focussed on better quality premises that provide additional services (such as the International Business Centre). Some of the high levels of vacancies can, however, be attributed to poor quality buildings let to small occupiers as larger occupiers are not prepared to move into poor quality space, particularly when there is a substantial amount of good quality space nearby.

10.139 Though the Town Centre boundaries are tightly drawn, there are several sites that are available for redevelopment, but have little prospect of supporting office development because rents are too low. No redevelopment is likely except as part of a comprehensive, phased, town centre regeneration scheme supported by public sector funding, or as small bespoke buildings for specific occupiers.

10.140 The development of BBQ and the aspirations of Fit for a City for the regeneration of the Town Centre should be seen as complementary. BBQ can offer large floorplates catering for requirements that cannot easily be accommodated within the Town Centre or CBD. The Town Centre can provide smaller offices to accommodate relocating businesses and small enterprises. Thus reducing the scale of BBQ would not necessarily help the regeneration of the Town Centre. Moreover as BBQ becomes established the viability of private sector development will improve.

10.141 The Town Centre is part of a proposed Enterprise & Employment Zone where businesses investment may be eligible for “Enterprise & Innovation” funding.

10.142 **Potential sites to be appraised:**

10.143 A substantial number of potential employment sites were appraised in and adjoining Gateshead Town Centre:

Table 10.1 Potential Employment Sites Appraised in Gateshead Town Centre

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G485</b> <b>Trinity Square</b>	Under construction	1.76 (0.06 ha net office developable area)	Within Gateshead PSA. B1a office could be appropriate above selected retail areas.	<b>29</b>	SUITABLE AS AN OFFICE ALLOCATION - SCOPE FOR 1,858 SQM
<b>G335</b> <b>5.1 Mecca Bingo</b>	Potential	1.63	Unallocated, centrally located site.	<b>27</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G414</b> <b>1.5 Old Town Hall Square</b>	Potential	2.03 (0.03 ha net office developable area)	Conservation Area and listed buildings within the site. Only limited B1a suitable	<b>26</b>	SITE SUITABLE AS AN OFFICE ALLOCATION – 900 SQM B1A PROPOSED IN PHASE 1 OF THE TOWN CENTRE REGENERATION STRATEGY
<b>G511</b> <b>Proposed stadium - Gateshead FC</b>	Potential	2.01	Allocated Urban Green Space with Outdoor Sports Facilities Protection	<b>26</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G336</b> <b>5.2 Oakwellgate</b>	Potential	1.68	Unallocated, centrally located site.	<b>25</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G343</b> <b>2.1 Interchange North</b>	Potential	1.02	Within Gateshead PSA. B1a suitable above shops - compliant with the NPPF	<b>25</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G337</b> <b>2.4 High Street North</b>	Potential	1.20	Within Gateshead PSA. B1a suitable	<b>24</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT



Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
			above shops - compliant with the NPPF		ALLOCATION
<b>G339</b> <b>4.3 High Street South</b>	Potential	0.80	Within Gateshead PSA. B1a suitable above shops - compliant with the NPPF	<b>24</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G345</b> <b>5.3 Boulevard North</b>	Potential	1.36	Within Gateshead PSA. B1a suitable above shops - compliant with the NPPF	<b>24</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G412</b> <b>Car Park to the rear of the Sage</b>	Potential	1.31	Unallocated; comprises car parking and occasional event space	<b>24</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G416</b> <b>3.2 Civic Centre</b>	Potential	1.45	Unallocated. Civic Centre car park	<b>24</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G338</b> <b>2.3 Jackson Street</b>	Potential	1.11	Within Gateshead PSA. B1a suitable above shops - compliant with the NPPF	<b>23</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G340</b> <b>5.4 Boulevard South</b>	Potential	1.16	Within Gateshead PSA. B1a suitable above shops - compliant with the NPPF	<b>23</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G342</b> <b>4.1 Police Station</b>	Potential	1.78	Within Gateshead PSA. B1a suitable above shops - compliant with the NPPF	<b>23</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION

Site Reference and Name	Site Status and Planning Designation	Gross Site area (ha)	Compliance with Planning / Regeneration Policy	Total Ranking	Site to be Retained / Allocated / Deallocated / Excluded
<b>G447</b> <b>Magistrates Court</b> <b>High West Street</b>	Potential	0.18	Within Gateshead PSA. Magistrates Court - understood there are no plans to demolish at present	<b>23</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G492</b> <b>Former Half Moon Hotel</b>	Potential	0.02	Unallocated site beside existing employment uses; centrally located	<b>23</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G15</b> <b>Mulgrave Villas</b>	Potential	0.66	Unallocated site. Few planning constraints; edge of centre site.	<b>22</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G350</b> <b>Site 1 New Chandless</b>	Potential	4.13	Unallocated, centrally located site	<b>22</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G415</b> <b>2.2 Interchange South</b>	Potential	1.59	Within Gateshead PSA. Bus interchange	<b>22</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION
<b>G531</b> <b>Curzon Place</b>	Potential	0.08	Within Gateshead PSA.	<b>19</b>	SITE UNSUITABLE AS A POTENTIAL EMPLOYMENT ALLOCATION

10.144

As noted in Section 9.0, many of these potential sites, whilst being in general compliance with policy, rated as being average or poor on a number of market-based factors. This reflects the difficulty and expense involved in bringing many of the sites forward for development this will also apply to many of the potential sites identified in GMBC’s Regeneration Strategy for

the Town Centre. The aspirations of the Regeneration Strategy will need to be balanced against the current high level of available office premises in Gateshead. The availability of more viable office development sites and the likely rates of site delivery over the Plan period. As a result few of these potential sites are regarded as suitable for allocation.

- 10.145 The regeneration of the Town Centre may change the market's perception of it's position in the hierarchy of office locations. In the current market Gateshead Quays is seen as a key cultural quarter at the heart of the City Region but there is still some reluctance to accept that the Quays are part of the Central Business District, with some office occupiers not prepared to consider a Gateshead address. These market perceptions can take years to change, and it is not until Baltic Business Quarter is well established that the market will even start to entertain the idea that Gateshead Town Centre might have a role in supporting the CBD.
- 10.146 However, as noted above, the development of BBQ and the regeneration of the Town Centre should be seen as complementary, with BBQ offering large floorplates catering for requirements that cannot easily be accommodated within the Town Centre or CBD. The Town Centre can provide smaller offices to accommodate relocating businesses and small enterprises. In time the Town Centre may be regarded, like Jesmond, Gosforth or Ouseburn as a city fringe location, with links to, but still intrinsically separate from, the CBD.
- 10.147 Within this context the Town Centre could support the growth of niche sectors such as Creative Media; for example, creative businesses from the former Shed being accommodated in the Old Town Hall. Specific investment in developing such clusters will need to take place within a broader Town Centre regeneration strategy that creates a vibrant area with its own distinctive sense of place albeit recognising the challenging economic conditions that could prohibit many marginal investment sites from coming forward in the area.
- 10.148 The Office Needs Assessment recognises that weak levels of demand will make it difficult to promote office development as part of the Town Centre Regeneration whilst at the same time proposing major office development at Baltic Business Quarter and Gateshead Quays (although there is some potential for both areas to operate as separate, and complementary, office markets). Those sites that we have identified as suitable for office development are those with low abnormal costs of development or where the viability is supported by cross subsidy from higher value uses.
- 10.149 In summary, viable sites identified in the Regeneration Strategy (G414 and G485) could contribute a further 2,758 sqm of new offices, or around 0.09ha.
- 10.150 Site G511 is no longer considered to be appropriate for a football stadium and it is recommended that it should be retained as public open space.

10.151 Site G412 comprises the car park to the rear of the Sage. Although there are few specific constraints to its development, it is currently also used for supervised artistic activities as well as performing a car parking function for the Gateshead Quays and hence it is not considered appropriate to reallocate the area for employment uses at this time. It is the preferred location for a conference and exhibition centre.

10.152 In addition, one existing under-utilised or newly vacant former employment sites was also appraised – site G460. As noted in Section 9.0, it is considered that this should be retained for employment use. Collectively, the available employment land on this site could contribute a further 0.84ha to the employment land portfolio.

### Other Employment Areas Outwith PEA/SEA/Town Centre Designations

10.153 In addition to the 17 PEAs/SEAs discussed in detail above, and the employment areas within and adjoining Gateshead Town Centre, there are several potential employment sites that were also appraised as part of this ELR. In total, 13 sites were appraised:

- **Site G80, Derwentwater House**, is located on Derwentwater Road in the Teams area of the Borough. This site scored relatively highly in the site appraisal due to the absence of constraints and excellent public transport connectivity; however, this is an allocated housing site with previous planning permissions relating to that use; it is considered that employment use would be inappropriate at this time.
- **Site G500**, the former Joicey Road school, is partly allocated as a Locally listed park and garden within a Conservation Area. The site had extant permission for the conversion of the vacant school buildings and the erection of new buildings to create business space for creative industries. However, with the market downturn the office proposals have been dropped in favour of a children’s nursery. Consequently, this 0.99ha site is no longer suitable as an employment site.
- **Site G166**, land at Wardley Lane to the east of Bill Quay in east Gateshead, comprises a greenfield site within the Green Belt. It is separated from other employment uses by the Metro line and it is considered that this would not be an appropriate or sustainable employment land allocation.
- **Site G168**, greenfield land to the north of Bill Quay, comprises arable farm land in an out of centre location. Given the site’s proximity to residential areas to the south, and severance from employment uses to the east by the rail line, it is considered that residential would be a more appropriate allocation than B-class uses.

- **Site G188**, Wardley Colliery No. 2, is a brownfield site in the Green Belt with poor local road access. It is currently used as a commercial vehicle scrap yard. The area has very modest market demand and significant environmental constraints on development, as the site occurs within the boundary of the proposed Wardley Manor Country Park; a designated wildlife corridor; and incorporates the remains of the Wardley Manor Scheduled Ancient Monument. It is not considered an appropriate employment land allocation.
- **Site G208**, Windmills Hill School, is currently in use as a school with adjoining educational playing fields. It is not considered an appropriate employment land allocation as a result.
- **Site G189**, Crookhill Garage on Hexham Old Road, Ryton, comprises permitted landfill within the Green Belt. An employment land allocation would not be sustainable or commercially viable at this location.
- **Site G364** comprises an existing mixed use allocation on Grange Road, Ryton. In accordance with the Development Plan, it is considered that the site's development for a mix of A2 and D1 uses would be most appropriate at this location.
- **Site G239**, land to the north of St Agnes Gardens, north Crawcrook, backs directly onto housing and is poorly related to any B-class use. Its Green Belt location would further preclude against an allocation here.
- **Sites G161, G483 and G484** are all greenfield sites located beyond the southern boundary of Crawcrook. All are located within the Green Belt, are out of centre in an area of weak market demand. All these sites scored very poorly in the appraisal process and it is not considered that any should be taken forward as part of the employment allocations process.
- **Site G50**, the site of Rentokill House, St Agnes Gardens, is under construction for a non-B class use and hence it should not be allocated for employment uses.
- **Sites G58 and G159**, land to the south and west of the former Marley Hill Colliery, are vacant Green Belt sites, with G58 also located within a Local Wildlife site (former SSCI). The likely high level of remediation costs associated with bringing these sites forward, combined with their out-of-centre locations, wildlife designations and absence of market demand resulted in these two sites being afforded some of the lowest scores in the appraisal process. Consequently, it is not recommended that these are taken forward as employment allocations.
- **Site G59**, the site of Byermoor Colliery, Lobley Hill, is another vacant site in need of remediation. As with the Marley Hill sites, however, it scored very poorly in the site appraisal process due its Green Belt allocation, the presence of wildlife designations, the likely costs involved in delivering the site and the absence of market demand, hence it is not recommended to be taken forward as an employment allocation.

10.154 It is apparent that none of the sites appraised in this ELR, or highlighted above, relate to the Chopwell area of the Borough. This is a relatively isolated settlement with no formal provision of employment premises. Whilst there are no formal allocations of land in this area, and no sites that came forward as part of the 'call for sites' process, consideration should be given to the allocation of land to accommodate a public sector development of workspace for small local businesses. Local demand will be sporadic and thus provision of no more than a dozen units built over two phases will be sufficient. There are various underused sites off South Road which should be considered for redevelopment as part of a feasibility study.

## Site Deliverability

10.155 The supply of employment land for development is highly dependent upon availability; private landowners simply may not wish to release land for development. This could be because their handling of the land is restricted by title issues or trusts, or because they have alternative aspirations for the site, often for higher value uses such as residential. A robust evidence base underpinning the Local Plan is therefore important in providing the conditions necessary to support, protect and bring forward valued employment sites for development.

10.156 Notwithstanding ownership and planning policy constraints, the financial viability of a site plays a crucial role in determining whether it comes forward for development. Redevelopment costs (particularly site remediation), anticipated demand and rental levels are all fundamental components of a scheme's viability and if these are considered to be unfavourable at a particular site then landowners are unlikely to put the land forward.

10.157 In such instances, public sector intervention may be required in the form of subsidy, grant or gap funding to make a site stack-up financially. Alternatively, a site could be brought forward as a mixed-use scheme to enable higher value uses to cross-subsidise the provision of new employment land / premises. Maintaining a flexible approach to requiring s.106 contributions could also reduce the overall financial burden on developers. Public sector investment should focus upon facilitating parcels of ready-made, serviced, development land.

10.158 It should also be noted that the greater the policy specificity and certainty, the easier it is for the market to make informed investment decisions. A clear implementation strategy setting out the phasing of development and the actions needed to deliver the requisite infrastructure can help in this regard, supported by an Infrastructure Delivery Plan. This is particularly important for the delivery of transport infrastructure improvements/mitigation on the A1 trunk road in particular; it is considered crucial for the economic growth of areas such as Follingsby, the wider Metrocentre area, Gateshead Town Centre and the Team Valley that a clear programme of delivery is proposed for these infrastructure projects to ensure that potential occupiers

looking for suitable sites in these areas have confidence that the current congestion issues are likely to be mitigated in years to come.

10.159

An attempt has been made to provide an indicative **delivery strategy** for the portfolio of sites identified above. To ensure that the Borough is able to maintain a variety and choice of sites throughout the plan period we have considered the development constraints of each site within the portfolio and categorised them as follows. Some correlation can be expected between the complexity and costs of redevelopment and the time it takes to deliver a site. The categories below are broadly ordered according to ease of delivery.

- **Immediately Available:** Cleared sites with an established access that would incur little or no abnormal costs of site preparation or servicing.
- **Minor Constraints:** Cleared sites that from our knowledge of them would require modest costs of site servicing or remediation.
- **Major Constraints:** Cleared sites requiring substantial costs of site servicing or remediation prior to redevelopment including mitigation of flood risk and / or trunk road congestion.
- **Occupied Premises:** Sites where occupied premises would need to be vacated before redevelopment could take place - here abnormal costs may include compensation as well as demolition & remediation (hence potentially a major constraint to development).
- **Occupied premises requiring site assembly:** Sites where premises are occupied by more than one business adding to the complexity of site assembly, prior to redevelopment (hence potentially a major constraint to development).

10.160

Our assessment of the portfolio of sites at Appendix 11, summarised in the Table below, identifies 24 immediately available sites totalling 34.61ha. Measured against past take-up of 3.96 ha per annum (and set against the gross land requirements identified for five year periods in Appendix 7), **this equates to almost 9 years land supply of general employment land, but also for office space.** There are a further 25 sites totalling 24.77 hectares with only minor constraints to delivery (a further seven years supply). With the exception of Durham Road Birtley, all PEAs have at least some land potentially available, although some of the smaller SEAs appear to have no developable land remaining. In general, it is considered that there is sufficient office space available across the plan period at five yearly intervals. Ostensibly, this would also appear to be the case to accommodate distribution growth due to the prevalence of available land allocated for general B1, B2 and B8 use; however, it is likely that without the Follingsby extension there would be a shortfall of large, deliverable, distribution sites in close proximity to the trunk road network.



10.161

This indicative delivery strategy is largely an academic exercise that does not take account of potential economic or property market cycles. It would be a mistake to be excessively reliant upon these timescales. In the real world the market plays an important role in determining when sites will be brought forward. It is recommended that GMBC monitors the availability of employment sites on an annual basis with a view to maintaining a five year supply of immediately available development sites.

Table 10.2 Delivery Strategy

Area	Immediate-ly Available (0-5 years)	Minor Con-straints (6-10 years)	(Over 10 years)	TOTAL
Addison PEA	0.18	1.92	0.00	<b>2.10</b>
Blaydon / Derwenthaugh PEA	0.00	3.10	1.69	<b>4.79</b>
Dunston PEA	0.00	0.54	5.12	<b>5.66</b>
Teams PEA	0.00	0.68	0.00	<b>0.68</b>
Team Valley PEA	11.27	3.09	1.82	<b>16.19</b>
East Gateshead PEA	12.08	1.35	0.00	<b>13.43</b>
Felling PEA	0.42	6.25	0.00	<b>6.67</b>
Follingsby PEA	8.64	0.00	22.00	<b>30.64</b>
Portobello PEA	0.42	3.10	0.00	<b>3.53</b>
Durham Road Birtley PEA	0.00	0.00	0.00	<b>0.00</b>
High Spennithorne SEA	0.00	0.00	0.00	<b>0.00</b>
Stargate SEA	0.00	0.00	0.00	<b>0.00</b>
Whinfield SEA	0.00	0.49	0.00	<b>0.49</b>
Sands SEA	0.00	0.00	0.00	<b>0.00</b>
Whickham SEA	0.00	0.00	0.00	<b>0.00</b>
Fairfield SEA	0.00	0.00	0.00	<b>0.00</b>
Pelaw SEA	0.00	0.00	0.00	<b>0.00</b>
Gateshead Town Centre	1.61	2.95	0.13	<b>4.69</b>
Other Areas of Gateshead	0.00	0.00	0.00	<b>0.00</b>
<b>TOTAL</b>	<b>34.61</b>	<b>23.47</b>	<b>30.76</b>	<b>88.87</b>

10.162

The delivery of economic development is ultimately not determined by the level of constraints on individual sites, but by market conditions, developer confidence, availability of finance, regeneration imperatives and other factors. The development of sites with major constraints can therefore occur

in the short term; hence whilst a number of the sites identified in Gateshead Town Centre have been placed in the latter time categories in Table 10.2 due to current development constraints, depending upon the availability of public sector capital funding, they could come forward in earlier phases. In reality, on-site physical constraints to development can normally be removed within 12 months, land assembly would not normally take more than five years, and only very substantial off-site infrastructure works would prevent delivery of a site for a period in excess of five years.

- 10.163 In identifying investment priorities GMBC should acknowledge market realities. In locations such as the Team Valley and Follingsby Park, where values are sufficient to enable the speculative development of brownfield sites, the market will determine when sites will be brought forward for development. In the smaller PEAs and SEAs demand will be infrequent and sites may lie undeveloped for considerable periods. Here a strategy to facilitate bespoke development will be appropriate and public sector investment should focus on reducing abnormal costs of development, but remain cognisant that sites may be taken up for external storage or for development. In those PEAs where the viability of private sector development is more marginal, and where the age and quality of infrastructure needs improvement, the public sector has a greater role in the delivery of employment sites.
- 10.164 Annual monitoring should have regard to both the quality and size of employment sites. Our analysis of take-up between 2000 and 2012 identifies the development of 74 sites from 0.04 to 2.39 hectares, and with an average size of 0.64 hectares. 78% of these sites were less than a hectare; and only two sites (3%) were in excess of 2 hectares, both of which provided a range of units. This serves to underline the fact that requirements for large sites for single occupiers are unusual. There is little justification for retaining large sites for single occupation. There are examples elsewhere in the region where this has been done in the past only for a lack of demand leading to a watering down of policy to allow smaller unit to be built.
- 10.165 Within the portfolio, sites range from 0.03 to 22.0 hectares and include 10 sites of greater than 2 hectares. There is therefore an abundant range of sizes of sites.

## Summary

- 10.166 In summary, the following conclusions can be drawn:
- Gateshead Council currently has around **78.23ha** of committed employment land (based on the net developable area, allowing for a reduced employment allocation on mixed use sites).
  - Of this land, some **30.15ha** is recommended for de-allocation.
  - This results in a **remaining committed supply 48.08ha**

- Following the econometric modelling, it is apparent that the gross land requirement for the Borough to 2030 is around **70.5ha at the lower end of the range and 120.5 at the top end**; hence there is an initial **shortfall of around 22ha-72ha to 2030**.
- The PEA/SEA reviews and site appraisals identified the potential for **40.78ha of new allocations**, including existing employment sites containing vacant or under-utilised space, which would result in a revised portfolio of **88.85ha**.
- Consequently, if these new allocations were taken forward as recommended, there would be a **moderate over-allocation of around 18.35ha based on the lower end of the demand forecasts, and a 31.65ha under supply at the top end**.
- Should our recommendations be taken forward to the Local Plan, **Gateshead Borough would have a five year forward supply of deliverable sites totalling 34.61ha** spread throughout the Borough, with a further 23.48ha of developable land that could come forward in years 5-10. Annual monitoring should ensure a continuing five year supply of immediately available sites.

10.167

Given that it is recommended that the boundaries of a number of the PEAs/SEAs are amended to address current shortcomings, and allowing for the increased flexibility regarding the preferred mix of uses in areas such as Dunston and Durham Road Birtley PEAs, this can be considered a suitable buffer that would avoid companies being forced to look elsewhere in the region (or beyond) for their land requirements. Indeed, there may be a case for a further allocation in the vicinity of Chopwell in the rural west of the Borough to reflect the current lack of employment opportunities there.

10.168

Furthermore, the renewal and intensification of older sites, particularly in areas of East Gateshead and Felling, should be encouraged to ensure that they contribute positively to meeting some of Gateshead's employment land requirements, but taking account of the particular constraints that apply on individual sites. Where mixed-use development or potential release of an employment site to other uses is contemplated, this should have regard to the availability of alternative sites to accommodate the relocation of firms.

11.0

## Summary Conclusions

**1. In regional terms, Gateshead has a relatively strong economy, which has experienced reasonable growth in recent years that has held up reasonably well in the face of the recession.**

11.1

Gateshead is located at the heart of the Tyne and Wear conurbation, and as such has a key role to play in driving economic growth in the wider City Region. This role is recognised in the 1Plan for NewcastleGateshead, and also the Gateshead Town Centre Regeneration Delivery Strategy. Economic activity within the Borough is currently focussed in a number of locations including the Team Valley; the wider Metrocentre area; Gateshead BBQ; Follingsby and Gateshead Town Centre. Despite the onset of the recession and the continued economic downturn, the local economy has performed reasonably well in recent years, recording increases in the size of the local business base and the total number of jobs in the Borough. This uplift in employment has been driven by significant growth in sectors, particularly public administration, education & health; construction; and distribution, hotels & catering.

11.2

The Borough's strengths include excellent transport accessibility due to proximity to strategic road network, the East Coast Mainline and Newcastle International Airport; recent growth of its business base and employment levels; and major concentrations of economic activity at established locations. However, the Borough faces a number of threats including the continued uncertainty surrounding the economy; public sector austerity measures and the reduction of public sector funding for regeneration projects; relatively low representation of employment in office-based sectors; the low proportion of knowledge based businesses; poor educational attainment; levels of deprivation; and competition for office demand from Newcastle and out-of-centre business parks elsewhere in the sub-region.

**2. In basic quantitative terms, the Borough appears to have a reasonable level of employment land, with transport infrastructure constraints prohibiting development in areas of strongest demand. Take-up of employment land since 2000/01 has only been marginally greater than the amount of employment land lost to alternative uses.**

11.3

Gateshead has 2.4 million sq.m of employment floorspace, which, within Tyne and Wear, is second only to Sunderland. The Borough has the sub-region's largest stock of floorspace in per capita terms. The overwhelming majority of Gateshead's employment space is industrial (89%), with comparatively little office space. Over the period 1998-2008, Gateshead experienced a net increase of 153,000sq.m of employment space, equivalent to growth of 7%. This was driven by increases in office and industrial floorspace.

- 11.4 There has been 47.45 hectares of employment land taken-up for employment purposes over the 12 year period from 2000/01. This equates to an average take-up of **3.96** hectares per annum. The amount of employment land available in Gateshead is less than half the levels of availability recorded in Newcastle and North Tyneside. Sunderland also contains more available land than Gateshead. Based upon projecting forward past take-up rates, the 100.52ha of available land recorded in GMBC's most recent AMR is estimated to equate to a 25 year supply.
- 11.5 In addition, since 2000, some 35.91ha of B1/B2/B8 employment land has been lost to alternative uses, an annual average rate of **2.99ha** per annum. If this level of loss were to continue in future, some **59.8ha** would need to be allocated or come forward through windfall provision over the 20-year plan period just to maintain the current employment land stock.
- 11.6 It is estimated that 14% of Gateshead's employment stock is currently vacant. Even allowing for the current economic difficulties, this suggests an oversupply. Whilst demand and supply of industrial premises appear to be broadly in equilibrium, around 1 in 5 office units are currently vacant. An analysis of the age profile of Gateshead's stock indicates that the Borough contains a relatively large proportion of older units. This issue is particularly acute with respect to factory units, with almost three quarters of units developed before 1971.
- 3. Gateshead's future growth is likely to be characterised by continued demand for manufacturing space, an area that the Borough has traditionally excelled. However, particular growth opportunities are envisaged for both the office and distribution sectors.**
- 11.7 The Borough still has a strong industrial base. Whilst manufacturing as a whole has contracted, there are a number of industrial sub-sectors within Gateshead that are well placed to grow over the Local Plan period. This would help to maintain and enhance the area's strength as an industrial location. In addition, the Borough is likely to see further demand for wholesale and distribution premises, building upon an existing overrepresentation that is underpinned by the accessibility benefits of the area. However, this could be constrained without the resolution of capacity issues relating to the A1.
- 11.8 The potential for office-based sectors to drive future growth would appear to be mixed. Indeed, the Borough has experienced strong growth in business services in recent years and new sites such as Baltic Business Quarter coming forward will help to improve Gateshead's offer with respect to the sector. However, it should also be noted that employment in the banking and insurance sector within the Borough contracted during the period 1998-2007; a period that was characterised by strong national growth. It is considered that Gateshead Borough is well positioned to benefit from the rapid development of a number of growth sectors in future, particularly Business Services; Distribution; and in the Creative and Media industries.

**4. Business perceptions of Gateshead are reasonable, although the commercial property market in particular is considered to be small-scale and relatively localised at present. However, significant opportunities are likely to arise from the future development of the Baltic Business Quarter in particular and the strong linkages with Newcastle City Centre.**

11.9 Gateshead Borough's commercial property market is fairly diverse, with nationally significant development such as the Baltic Business Quarter, the wider Metrocentre area and particularly the Team Valley trading estate, set against a considerable number of smaller, older, industrial estates providing for the needs of predominantly localised, indigenous uses.

11.10 The Borough's main attractions for firms include its location at the heart of the City Region and proximity to Newcastle City Centre; excellent transport accessibility; the availability of a cost effective workforce and proximity to larger population centres. Potential drawbacks are a less attractive image as a business location compared with Newcastle City and a concurrent lower profile; high levels of congestion on the A1 western bypass; areas of deprivation and low (although improving) skills levels; and the ongoing restructuring of the Borough's manufacturing industries.

11.11 Agents are of the view that although Gateshead was perceived as a secondary office location in the past, this is rapidly changing and Gateshead Quays in particular is expected to emerge as the Borough's prime office location and regionally significant driver for the future. Gateshead's future was generally viewed as being heavily interlinked with that of Newcastle City's, and hence the prospects of this more established centre will have a strong bearing on Gateshead's future economic growth.

**5. The Borough requires between 70.5ha and 120.5ha (gross) to meet employment land needs up to 2030.**

11.12 A range of employment land projections were calculated for Gateshead Borough using a variety of methodologies. Following the Experian/CE/St Chad's model runs and subsequent scenario testing work, a series of demand forecasts were calculated that made an allowance for the replacement of land lost to alternative uses in order to translate a net figure into gross, including a margin of choice to 2030 (but not to 2038). The results were set out in detail in Section 8.0. The four scenarios indicate a range of between 70.5 and 120.5 hectares gross to 2030; 93.4 and 157.6 hectares gross to 2038. Clearly, it is important to identify an appropriate level of need that achieves a balance between market realism and economic and planning policy objectives. A range of qualitative and quantitative factors have been considered that can help to inform a judgment on the appropriate level of need, with the key issues set out below:

- Gateshead Borough has many advantages as an office, industrial and distribution location, with good strategic road accessibility (although worsening congestion), the presence of the Metro Rail network and proximity to the East Coast Mainline, competitive business costs, access to a significant labour force; emerging strengths in key growth sectors; and a central role in the City Region;
- Future job growth projections for Gateshead are substantial in the medium to long term;
- There is a general consensus amongst stakeholders that a number of the more successful employment areas, particularly the Team Valley and Follingsby, are reaching full capacity and in urgent need of new employment sites and units to be provided;
- Major road infrastructure investment is required to allow the expansion of new employment sites that feed into the strategic road network;
- The District has an opportunity to focus on Business Services and Distribution, with clear requirements for B1a and B8 space in particular;
- Take up rates in the District in recent years have been moderate, at 3.96ha per annum in the long term, whilst 2.99ha have been lost annually to non-employment uses.
- The District has around 78.23ha of allocated/committed employment land (net).

11.13 Consequently, on the basis of these considerations, a range of between **70.5ha and 120.5ha (gross)** of employment land may be considered appropriate to 2030 (and between 100.6ha and 157.6ha to 2038, excluding a margin of choice as this is already considered to be factored into the 28-year time horizon). This is equal to the St Chad's Scenario model run at the lower end, and the Take Up Rate projection at the top end. The range accommodates Gateshead's role as an economic driver in the long term as a key driver of the Tyne and Wear City Region and the substantial housing developments proposed for the Borough as a whole as part of its New Growth Point status, whilst factoring in the uncertainty of the ongoing recession.

6. Following a detailed review of all the PEAs and SEAs in Gateshead Borough, and the existing, committed and potential employment sites therein, it is recommended that the Borough's portfolio should comprise 57 employment sites, totalling 88.85ha. Recommendations are made regarding the realignment/removal of a number of PEA/SEA boundaries

11.14 NLP assessed the characteristics and quality of provision of all 17 individual Primary and Secondary Employment Areas in the Borough, alongside Gateshead Town Centre. 264 employment sites were also appraised, the majority of which were to be found within the aforementioned PEAs/SEAs. Issues reviewed included each area's locational context; accessibility; constraints; existing sectoral mix; size and type of businesses; amount of



floorspace required; scope for windfall; compliance with planning policy; market attractiveness and likelihood and viability of site redevelopment. The key points of each assessment are summarised in the Table below, with an overall conclusion reached concerning each site's future role in the delivery of the Borough's future portfolio of employment land.

- 11.15 Clearly, any site-specific recommendations contained within this document cannot be viewed in isolation. Recommendations will need to be taken forward and tested through the proper preparation of policy by GMBC and subject to suitable consultation as part of its Local Plan preparation process.

PEA / SEA	Overall recommendations	Changes to PEA/SEA policy on a site-by-site basis	Sites to be de-allocated	New Allocations	Potential Available Employment Land within PEA / SEA (NET)
<b>Addison</b>	Retain as a PEA with minor change to UDP boundary to exclude the river frontage at its northern end. Some additional development capacity remains.	None	None	G62: 0.45ha (vacant site within PEA) G424: 0.18ha (vacant site within PEA) G514: 0.6ha (vacant site within PEA)	G17: 0.87ha G62: 0.45ha (vacant site within PEA) G424: 0.18ha (vacant site within PEA) G514: 0.6ha (vacant site within PEA) <b>TOTAL: 2.1ha</b>
<b>Blaydon / Derwenthaugh</b>	Retain as a PEA. Limited additional development capacity but windfall sites can be expected to provide redevelopment opportunities. Site boundary to be amended to exclude site G71b, G22 and G26. Also adjust PEA boundary to exclude the strip of land to the south-east along the A694 between G283 and G106 – this does not contain any B-class uses and currently contains a Petrol Filling Station and a Premier Inn Hotel.	Sites where current PEA protection would be revoked to allow for a more flexible planning regime where a mix of uses could be promoted, including B-class employment uses: G22 and G71b	G26 to be de-allocated for employment use – likely to be required for A1 expansion – 0.66ha removed. De-allocate the adjoining mixed use site at Derwent West Bank (G106) as it has better potential to come forward for residential. 4.03ha removed.	G326: 3.10ha remains on an existing site G494: 1.69ha remains on an existing site	G326: 3.10ha G494: 1.69ha <b>TOTAL: 4.79ha</b>

PEA / SEA	Overall recommendations	Changes to PEA/SEA policy on a site-by-site basis	Sites to be de-allocated	New Allocations	Potential Available Employment Land within PEA / SEA (NET)
Dunston	<p>Dunston PEA should be subject to a detailed MetroGreen Concept framework, and possibly an Area Action Plan/site allocations plan process, which would seek to secure the long term sustainable development of this highly accessible area.</p> <p>As such, it is considered that it would be presumptive to restrict certain sites within Dunston PEA for single use, where a more flexible approach to a mix of uses would be more appropriate. Consequently, it is recommended that the PEA protection of the area could be revoked in future, replaced by guidance following on from a detailed masterplan/AAP to effectively guide development.</p>	<p>Sites where current PEA protection would be revoked to allow for a more flexible planning regime where a mix of uses would be promoted, including residential and in certain instances, office: G169, G170a, G170b, G171a, G171b, G175, G176, G187a, G187b, G324, G379, G389, G473 and G493</p>	<p>Sites G187b, G170a, G171a, G171b and G379 to be de-allocated for restricted B1/B2/B8 uses, removing 16.01ha from the employment land portfolio (and potentially replacing this with 1.86ha employment land as part of a wider mixed use development on sites G170a and G171b). A more flexible planning regime would subsequently apply in these areas.</p> <p>De-allocate the adjoining mixed use sites at Swalwell (G224, G155 and G108) as they have the potential to come forward for residential and other commercial uses. 0.43/0.65ha/0.65ha removed.</p>	None.	<p>G170a: 1.32ha* G170b: 3.80ha G171b: 0.54ha* <b>TOTAL: 5.66ha</b> <i>(*on the basis of 20% employment land as part of a wider mixed use development)</i></p>

PEA / SEA	Overall recommendations	Changes to PEA/SEA policy on a site-by-site basis	Sites to be de-allocated	New Allocations	Potential Available Employment Land within PEA / SEA (NET)
<b>Teams</b>	<p>This long established industrial area is surrounded by residential areas. Some of the buildings are in poor condition and nearing the end of their useful economic life. Consideration should be given to alternative uses that do not impact on the viability of retained industrial operations. PEA status should be removed, with a flexible site-by-site approach taken to planning applications for non-B class uses in the area, subject to compliance with criteria-based policies. This SEA/local employment area could be a distinctive case that would permit alternative uses subject to a criteria-based approach.</p> <p>Boundary of the resultant designation to be revised to exclude G461 and cut back to the River Team immediately south of G32.</p>	<p>Sites which would be affected by the revocation of PEA protection (and replacement with SEA):</p> <p>G461 (also to be excluded from SEA), G452, G434 and G32</p>	None	None	<p>G117 (adjoins PEA): 0.68ha*</p> <p><b>TOTAL: 0.68ha</b></p>

PEA / SEA	Overall recommendations	Changes to PEA/SEA policy on a site-by-site basis	Sites to be de-allocated	New Allocations	Potential Available Employment Land within PEA / SEA (NET)
<b>Team Valley</b>	<p>It will be important to protect and enhance the existing PEA, although opportunities to extend the boundaries appear difficult given the policy constraints of Green Belt allocations and capacity problems on the Western Bypass.</p> <p>Limited additional development capacity but windfall sites can be expected to provide some redevelopment opportunities.</p>	None	None	<p>G40: 2.27ha (vacant site formerly in industrial use)</p> <p>G43: 0.86ha (vacant area of existing site)</p> <p>G49: 4.38ha (former Huwoods factory, site now vacant)</p> <p>G426: 0.26ha (vacant area of existing site)</p> <p>G501: 0.5ha (vacant area of existing site)</p> <p>G503: 0.470ha (vacant area of existing site)</p> <p>G513: 0.85ha (vacant area of existing site)</p> <p>G521: 1.00ha (cleared former employment site)</p> <p>G523: 1.38ha (cleared former employment site)</p>	<p>G18: 0.59ha</p> <p>G19: 0.71ha</p> <p>G40: 2.27ha</p> <p>G43: 0.86ha</p> <p>G49: 4.38ha</p> <p>G385: 0.18ha</p> <p>G395: 1.46ha</p> <p>G396: 1.28ha</p> <p>G426: 0.26ha</p> <p>G501: 0.5ha</p> <p>G503: 0.47ha</p> <p>G513: 0.85ha</p> <p>G521: 1.00ha</p> <p>G523: 1.38ha</p> <p><b>TOTAL: 16.19ha</b></p>

PEA / SEA	Overall recommendations	Changes to PEA/SEA policy on a site-by-site basis	Sites to be de-allocated	New Allocations	Potential Available Employment Land within PEA / SEA (NET)
<p><b>East Gateshead</b></p>	<p>Retain as a PEA. The area has surplus capacity but it is important to establish a critical mass of offices at Baltic Business Quarter / Gateshead Quays.</p>	<p>Site G191a to be retained, albeit subject to more detailed masterplanning and market assessment work to test its mixed use capability.</p>	<p>Site G191c to be de-allocated as it is likely to come forward as an energy centre: 0.58ha to be removed.</p>	<p>G31: 0.32ha (vacant area of existing site)                      G419a: 0.18ha (extant permission for office development)                      G420a: 0.29ha (extant permission for office use)                      G433: 0.06ha (vacant area of existing site)                      G463: 0.10ha (Potential office component of the vacant area of an existing site)                      G486: 0.24ha (Potential office component of the vacant area of an existing site)                      G495b 0.92ha (remaining vacant land to be allocated)</p>	<p>G31: 0.32ha                      G191a: 11.3ha                      G419a: 0.18ha                      G420a: 0.29ha                      G433: 0.06ha                      G463: 0.10ha*                      G486: 0.24ha*                      G495b: 0.92ha  <b>TOTAL: 13.43ha</b></p>

PEA / SEA	Overall recommendations	Changes to PEA/SEA policy on a site-by-site basis	Sites to be de-allocated	New Allocations	Potential Available Employment Land within PEA / SEA (NET)
<b>Felling</b>	Retain as a PEA. The area has some surplus capacity, and where windfall sites adjoin residential areas consideration may be given to alternative uses if they do not impact on the viability of retained industrial operations or inhibit their potential expansion. Boundary of the resultant PEA to be revised to Stoneygate Lane/Abbotsford Road, excluding G180, G421, G440, and G475. Also exclude G68 and G271 to the north and G510 to the west.	The boundary of the PEA should be redrawn to exclude G68, G180, G271, G421, G440, G475 and G510.	De-allocate the remaining vacant land at G421 (0.63ha); revoked PEA and adj uses include care showroom.	G423: 0.26ha (vacant area of existing site) G466: 1.13ha (vacant area of existing site) G496: 1.09ha (vacant area of existing site) G518: 0.22ha (vacant area of existing site) G519: 0.2ha (vacant area of existing site)	G165: 3.76ha G423: 0.26ha G466: 1.13ha G496: 1.09ha G518: 0.22ha G519: 0.20ha <b>TOTAL: 6.67ha</b>
<b>Follingsby</b>	Retain as a PEA and consider opportunities to extend in the medium term to accommodate site G478 to the south.	None	None	G478: 22.0ha	G310: 1.28ha G384: 5.04ha G391: 1.39ha G392: 0.93ha G478: 22.0ha <b>TOTAL: 30.64ha</b>
<b>Portobello</b>	Retain as a PEA and consider opportunities to extend into sites G282, G300a and G300b to the east in the medium term.	None	None	G282: 1.49ha G300a: 0.89ha G300b: 0.72ha	G282: 1.49ha G300a: 0.89ha G300b: 0.72ha G394: 0.42ha <b>TOTAL: 3.53ha</b>
<b>Durham Road</b>	The boundary of the PEA needs to be revised to reflect weak market demand in the northern area in particular, the potential closures and relocations of some of the larger businesses in the years ahead, and the intrusion of a number of non-B-class uses in the southern area. Consequently it is recommended that the PEA protection be concentrated to an area immediately below G268 on Station Lane to the north, and south of site G185.	Sites which would be affected by the revocation of PEA protection: G63, G158, G181, G268, G269, G430, G439, G450, and G497.	None		<b>TOTAL: 0ha</b>



PEA / SEA	Overall recommendations	Changes to PEA/SEA policy on a site-by-site basis	Sites to be de-allocated	New Allocations	Potential Available Employment Land within PEA / SEA (NET)
<b>High Spen</b>	High Spen SEA to be revoked, with G393 de-allocated.	Sites which would be affected by the revocation of SEA protection: G354, G393	G393: 1.3ha	None	<b>TOTAL: 0ha</b>
<b>Stargate</b>	Retain as a SEA. No amendments to boundary required.	None	None	None	<b>TOTAL: 0ha</b>
<b>Whinfield</b>	Whinfield SEA to be retained as a Secondary Employment Area, with minor amendments to the SEA boundaries to exclude site G353b to the west, which would be suitable for alternative non-B class uses in future.	Site G353b to be removed from SEA protection.	None	None	G20: 0.49ha <b>TOTAL: 0.49ha</b>
<b>Sands</b>	Sands SEA to be de-allocated, although the industrial units on the site could be retained without the formal protection currently offered. Much of the surrounding area comprises bulky goods retail units and there are sufficient other public and privately owned business units in the locality.	Site G373a to be removed from SEA protection.	None	None	<b>TOTAL: 0ha</b>
<b>Whickham</b>	Retain as a SEA. Boundary amendments required to exclude Green Belt and site G201, the former Council depot, which has residential potential.	Site G201 to be removed from SEA protection.	None	None	<b>TOTAL: 0ha</b>
<b>Fairfield</b>	Fairfield SEA to be de-allocated. Many of the buildings are in poor condition and nearing the end of their useful economic life. The SEA designation should be removed, with alternative uses that release sufficient value to allow the clearance and remediation of this and the adjoining riverside site (G21) should be considered in the medium term.	Site to be removed from SEA: G130.	G21, a 3.96ha site of which 0.79ha is estimated for B1 use.	None	<b>TOTAL: 0ha</b>

PEA / SEA	Overall recommendations	Changes to PEA/SEA policy on a site-by-site basis	Sites to be de-allocated	New Allocations	Potential Available Employment Land within PEA / SEA (NET)
<b>Pelaw</b>	Pelaw SEA to be deallocated as it generates limited income, has poor road access and disturbs adjoining residential amenity.	Sites to be removed from SEA: G38.	G114 Mixed use allocation (adjoining PEA): 0.45ha G115: Mixed use allocation (adjoining PEA): 0.28ha	None	<b>TOTAL: 0ha</b>
<b>Gateshead Town Centre</b>	Site specific allocations for office use should have regard to the Town Centre Regeneration Strategy as part of the long term masterplanning of the area. We have, however, sought to balance these aspirations with the current high level of office supply in Gateshead and the likely delivery of sites over the Plan period.	None	G341: 0.30ha* G346: 0.68ha* G347: 0.07ha* G348: 0.3ha G349: 1.56ha* G406: 0.38ha* G413: 0.24ha*  Total: 3.53ha	G414, G485, totalling 0.09ha of new B1a office space; G460: 0.84ha (vacant area of existing office site)	G334: 0.12ha G361a: 0.27ha* G362: 1.48ha* G363: 0.13ha* G403: 1.06ha* G411: 0.7ha G414: 0.03ha G460: 0.84ha G485: 0.06ha <b>TOTAL: 4.69ha</b>
<b>Other Areas of Gateshead Borough</b>	Site G113, the Gateshead College site, now has permission for a residential-led mixed use development that will have only a very small element of commercial floorspace and should therefore be removed from the portfolio. It is apparent that none of the sites appraised in this ELR, relate to the Chopwell area of the Borough. Consideration should be given to the allocation of land to accommodate a public sector development of workspace for small local businesses.	None	G113: 2.02ha	None	<b>TOTAL: 0.0ha</b>

\*Net developable area reduced to reflect employment element of a potential mixed use development



11.16 In summary, a total of **88.85ha** of employment land could comprise Gateshead's future employment land portfolio if the recommendations in the Table above are taken forward.

**7. The Borough can demonstrate a five year supply of deliverable employment sites.**

11.17 Our assessment of the portfolio of sites at Appendix 11 identified 24 immediately available sites totalling 34.61ha. Measured against past take-up of 3.96ha per annum, this equates to almost 9 years supply. There are a further 25 sites totalling 23.48ha with only minor constraints to delivery (a further 6 years supply). It is stressed that the delivery of economic development is ultimately not determined by the level of constraints on individual sites, but by market conditions, developer confidence, availability of finance, regeneration imperatives and other factors.

**8. 'Landless growth' has a continued role to play in providing Gateshead Borough's employment land needs in areas with particularly high demand**

11.18 'Landless growth' (or the phenomenon whereby job growth is not necessarily reflected by comparable increases in employment land take up) has an important role to play in future land provision in Gateshead Borough. It is considered that changing working practices have had a minimal impact on employment land requirements to date – the Business Survey indicated that relatively few employers had implemented, or were intending to implement, innovative working practices such as job sharing and flexible working. However, there is reason to believe that the other key aspect of landless growth (i.e. higher densities and/or recycling of existing brownfield land) is occurring and is likely to continue for the foreseeable future. In particular, the proposals for high density office developments in Gateshead Town Centre and the high level of recycling of existing employment land in the Team Valley would suggest that previous take up rates should be treated with caution when planning for future growth, hence this ELR has sought to use town centre office densities of 300% and reduced past take up rates when calculating forward land projections.

**9. Gateshead Borough has an opportunity to target a number of key growth sectors including waste and recycling, creative industries and particularly business services, with new office space to be targeted particularly in the central and northern areas of Gateshead Town Centre; Baltic Business Quarter; and Gateshead Quays**

11.19 The ELR has identified a number of sectors where moderate or moderate-high levels of growth can be anticipated within Gateshead. In broad terms, the Borough's competitive advantages appear likely to be based upon the area's existing strengths in manufacturing, and emerging opportunities in business services and distribution, and particularly creative and media sectors, building upon the locational benefits of being located at the heart of the City Region.

11.20 Growth in business services will stimulate demand for offices and the majority of this should be directed towards Gateshead Quays, Baltic Business Quarter and the Town Centre. Some office-based businesses serve industrial / manufacturing sectors or have other business reasons for locating out-of-town (and would therefore not be able to be accommodated in or adjacent to town centres) and therefore alternative provision should be available on established business parks, subject to the application of the NPPF. In general, it is considered that there is sufficient office space available across the plan period at five yearly intervals. The growth in warehousing and distribution will, to an extent, be reliant upon the recommended extension at Follingsby Park and on other established industrial estates.

11.21 Growth in Creative Industries and Digital Media will generally require office accommodation, but there are proposals to develop clusters and dedicated workspace at Baltic Business Quarter and on the northern edge of the Town Centre as part of the 1Plan.

11.22 Notwithstanding the Borough's competitive advantages in manufacturing, it is anticipated that the sector's relative decline in employment terms (even if its productivity and economic output is likely to increase) will reduce demand for general industrial estates and whilst it will be important to accommodate opportunities for new development (for example to help firms invest in new plant and improve competitiveness), this should be done in the context of an overall contraction in the likely scale of the sector.

11.23 The ELR has identified a number of appropriate employment land sites for accommodating waste/recycling opportunities within the Borough, although in general terms these have been directed to large, brownfield sites within established industrial estates where they are easily accessible by road and would allow the on-site management of waste, but which would not affect residential areas.

**10. Alongside making new allocations, the Council should adopt a proactive approach to managing and improving the existing portfolio of employment sites to facilitate future growth.**

11.24 Renewal and intensification on older sites with available land should be encouraged to ensure that they contribute positively to meeting some of Gateshead Borough's employment land requirements, taking account of the particular constraints that apply on individual sites.

11.25 In assembling a new portfolio of sites, a cautious approach is required to managing the competing pressures on potential employment sites within Gateshead, balancing the aspirations for mixed-use development on some sites (particularly in and around the Metrocentre area) with the need to encourage renewal and intensification of the older industrial estates, particularly in areas such as East Gateshead. Where mixed-use development or potential release of an employment site to other uses is contemplated, this should have regard to

the availability of alternative sites to accommodate the relocation of firms. The portfolio will also need to be complementary to Newcastle's portfolio of employment land.

### Summary

- 11.26 This ELR/OCS has demonstrated that Gateshead Borough requires between 70.5ha and 120.5ha of employment land to meet requirements to 2030. Following a detailed review of all the PEAs/SEAs in the Borough and the existing, committed and potential employment sites therein, it is recommended that Gateshead's portfolio of sites should comprise 57 sites, providing up to 88.85ha. Recommendations have been made regarding the realignment/removal of PEA/SEA boundaries/status in the Borough.
- 11.27 The increased flexibility of economic uses recommended in a number of areas, particularly in and around the Metrocentre, will present a significant challenge in ensuring that a deliverable portfolio of sites is available across the plan period; meeting the land requirement in the long term will require some tough policy choices, which may involve the release of land in the Green Belt around Follingsby. Notwithstanding the uncertainties over the availability of public sector investment in the future, it is likely that a number of sites in the Town Centre in particular will be reliant on these funding sources if they are to come forward over the plan period; if these sources are not forthcoming, then the demand forecasts may need to be revised accordingly. In making choices, there will be a need to compare and assimilate the employment land projections with those of Newcastle City Council.
- 11.28 GMBC now need to review these findings and begin to consider which sites should be included within their emerging Site Allocations DPD. The decisions over which sites will be allocated (and particularly the implications of any Green Belt release) will be based upon the policy directions that the Local Authority decides to take through the Joint Core Strategy.
- 11.29 GMBC will need to monitor the findings, particularly the extent to which the sites identified as contributing to the five year forward supply of deliverable employment land are actually coming forward for their intended use. Furthermore, an effective monitoring system should be put into place and maintained to inform the future analysis of the employment land situation, to include:
- Employment land and premises database;
  - Employment permissions granted and implemented by type and source (i.e. allocation/windfall);
  - Permissions and development of sites and premises previously in employment use for non-employment uses;
  - Employment land and premises available and recent transactions;
  - Employment premises enquiries; and

- Employer requirements and aspirations (to be gauged via periodic surveys or forum and focus group events).

11.30

It is further suggested that GMBC's monitoring of 5-year supply of land should review the losses of employment land to other uses and the impact this has on qualitative supply. In addition, it is considered advisable that a wider overall view is taken to the monitoring of employment land in Gateshead and Newcastle, which takes account of additional output and contextual information. The two LPAs would be advised to commission regular joint annual market trends reports from a commercial property agent.







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